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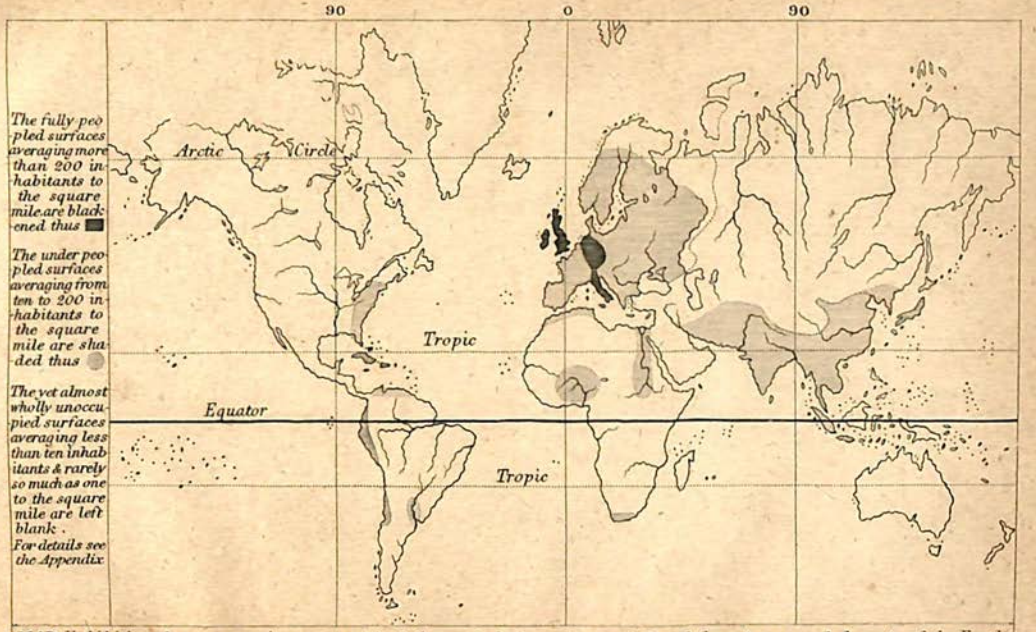
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POLITICAL ECONOMY.

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The fully peopled surfaces averaging more than 200 inhabitants to the square mile are blackened thus
The under peopled surfaces averaging from ten to 200 inhabitants to the square mile are shaded thus
The yet almost wholly unoccupied surfaces averaging less than ten inhabitants & rarely so much as one to the square mile are left blank.
For details see the Appendix
Arctic Circle
Tropic
Equator
Tropic

MAP Exhibiting the comparative extent of the fully peopled, the under peopled, and the yet un peopled parts of the Earth.

London, Longmans & Co.

POLITICAL ECONOMY,

For Plain People.

APPLIED TO

THE PAST AND PRESENT STATE OF BRITAIN.

BY

G. POULETT SCROPE, F.R.S., F.G.S, &c.

SECOND EDITION.

27141

"The rules of Political Economy are as simple and harmonious as the laws which regulate the natural world, but the strange and wayward policy of man would render them intricate and difficult."—*Tracts by C. L. Esq.*, 1832.

LONDON:
LONGMANS, GREEN, AND CO.

1873.

"The conservation and secure enjoyment of our NATURAL RIGHTS is the great and ultimate purpose of civil society; and all forms whatsoever of government are only good as they are subservient to that purpose, to which they are entirely subordinate."—BURKE. *Tract on the Popery Laws.*



TO THE CONSTITUENCY

OF THE

BOROUGH OF STROUD.

THE first edition of this little work was dedicated to you, through whose generous confidence I occupied, as one of your representatives, a seat in the first Reformed Parliament. That confidence, continued to me through the five and thirty years between the enactment of the first and second Reform Bills, afforded me the opportunity of assisting, in however humble a manner, to carry into practical legislation, conformably with the views expressed in that early volume, the improvements in our economical policy to which the present prosperous and promising material condition of this country is chiefly due.

To you, then, my old and valued friends, I take once more the liberty to offer the homage of this revised edition, in token of the respect and gratitude of

Your faithful Servant,

G. POULETT SCROPE.

COBHAM, *May*, 1873.

PREFACE TO THE SECOND EDITION.

At the time of the passing of the first Reform Bill it became evident that the power of directing the Legislation of Britain was about to pass—perhaps by more than one instalment, but ultimately altogether—from the hands of the few into those of the many. Looking then for some data by which to estimate the probable results of so great a change upon the social destinies of the country, I endeavoured to ascertain what were the notions likely to prevail among the masses, when they became the depositories of supreme power, with regard to the principal institutions of modern society, so far as they affect, or might seem to them to affect, their interests.

What lessons in this respect were they likely to imbibe from the current doctrines of Political Economy? Were these lessons fitted to reconcile them to the hardships of a condition of almost ceaseless toil for, in many cases, but a meagre subsistence; and this in a country overflowing with wealth enjoyed in idleness by some at the expense (as it might at first sight appear to them) of the labour of others? On examination of the works of the most noted Economists of that day, Messrs. Ricardo, Jas. Mill, Maculloch, Malthus, Chalmers, and Whateley, I could not discover in them any answer likely to satisfy the mind of a half-educated man of plain common-sense and honesty who should seek there some justification for the immense disparity of fortunes and circum-

stances that strike the eye on everyside. On the contrary, these works appeared to me to contain many obvious inconsistencies and errors, to inculcate many false and pernicious principles, and certainly to be little adapted to the purpose which I looked for in them.

In a series of articles admitted into the Quarterly Review in 1830-31, I examined some of the chief tenets of the then popular school of Political Economy; noticing its whimsical, inconsistent definitions, its fanciful hypothetical illustrations, its wordy and confused arguments, its strange theorem as to the decreasing fertility of soils, binding men down by an iron necessity to obtain less and less as society advanced, in return for their labour; its theory of population which afforded to the suffering sons of toil no other hope or prospect of improvement in their circumstances—nay, even of continued existence, save by a rigid abstinence from the exercise of the domestic affections; its consequent abhorrence of any legalized relief to the poor, no less than of almsgiving, on the ground that in a redundant population to endeavour to keep one poor person alive is only to starve another. I controverted these views, which I considered narrow, false, and mischievous, and in order to give my argument a more methodical form, I published, in 1833, the first edition of this little work, in the hope that it might assist to dispel the mistiness with which, it seemed to me, the subject had been obscured. The frontispiece, now reproduced in this volume, gave the key to the main argument of the work. I maintained in it that under a system of law combining freedom of industry and exchange with security to property so acquired, (apart from the fatal curses of war, pestilence, and famine, and non-preventible diseases or accidents), any miseries that men may endure through lack of the material comforts of life, can only be occasioned by their

own wilful default—by the absence of wise foresight—directed not to keeping down their numbers, as the Malthusians taught, but to the augmentation of their resources.

And now, after the lapse of forty years, power having meanwhile descended to the lower stratum of society, the masses having, in fact, obtained a complete preponderance in the nomination of the House of Commons, and, consequently, of the Government, I look about once again to inquire what has been done in the interim towards enlightening them as to their true interests, and engaging them to recognize the social arrangements under which wealth is created and distributed as just, reasonable, and fitted to produce the greatest amount and most general diffusion of material comfort and prosperity. I find much current talk about Political Economy as a code of law determining with unalterable rigour the destinies of man in society, a science admitting of as complete demonstration as any physical truths; and this science—so necessary a study for all but, above all, for those classes whose mistaken ideas upon the subjects of which it treats might prove most fatal—taught, or proposed to be taught, in all our public elementary schools and universities. Upon inquiring into the character of this teaching in most repute and circulation, I am referred to the work of Mr. John Stuart Mill, as the highest and most generally accepted authority; and to a small 12mo volume by Mrs. Fawcett, compiled especially for the use of students, of which a second edition is, I believe, already exhausted; the latter being a compendium of Mr. Mill's volumes. Both works I find on examination to reiterate the old fallacies already referred to, upon the decreasing fertility of soils, the impossibility of arresting the deterioration of the physical condition of mankind by any other means than a very general abstinence

from marriage, the doctrine of a fixed wages-fund,* and, as a consequence, the necessary mutual antagonism of all labourers; the injury inflicted on the labouring by the unproductive expenditure of the wealthy classes; doctrines, as they seem to me, no less false than mischievous, supported by confused and puzzling illustrations, most of them wholly hypothetical, and far removed from the real facts of industrial life.†

Under these circumstances, I have thought that a republication of the little volume I printed in 1833, bringing down the story of the economical progress of the country to the present day, might serve a useful purpose, since, on looking it over I do not discover any of the views contained in it to require material modification. On the contrary, they have been confirmed by the course of events, the general progress of opinion, and the assent of the legislature, which has carried into practical operation nearly all of them. Nor are these views the less likely to be true, or to recommend themselves to the acceptance of good and wise men, because they open up a prospect of indefinite improvement in the material position of the human race, on the sole condition of their exercising a prudent foresight in the direction of their industrial energies, while adhering to the recognized principles of respect for all justly acquired property, freedom of occupation and exchange, and the observance and enforcement of all contracts voluntarily entered into by competent parties.

In revising this work for a new edition, I have omitted a "Preliminary Discourse on the Coincidence of the Rights, Duties, and Interests of Man in Society,"

* Now renounced by Mr. Mill himself as a mistake. See his article in the *Fortnightly Review* for May 1869.

† See Appendix, No. 2.

as containing, perhaps, too much of abstract speculation to be a fitting introduction to an essay on political economy of a purely practical character. Some matter has also been abbreviated, or wholly omitted, relating to questions which the progress of public opinion and of legislation in this country has rendered it unnecessary to argue at length in the present day.

The wholly new portions of the work, included within brackets, refer to these altered circumstances. My object, in fact, has been, not merely to trace the general laws that in all times and places do, and must, determine the production and distribution of wealth, and their influence on the well-being of societies, but also to apply these principles to explain the backward economical condition of Britain in 1833, as contrasted with its vastly improved economical *status* in the present year 1873, and thereby to justify the anticipation arrived at, in the concluding chapter, of a still brighter future already opening to the entire people of this peculiarly favoured land.

PREFACE TO THE FIRST EDITION.

(1833.)

THE prevailing want of the present day seems to be a want of correct information as to the true interests of society. The progress of popular education has already infused a *mind* into masses heretofore but passive instruments in the hands of those who were the exclusive possessors of knowledge. *The people* now read; the people reason; the people think for themselves. What do they read? What are their thoughts? From what principles do they reason? These are questions of deep import. For the answers to them must determine the ultimate result of the revolution, hitherto a tranquil and bloodless, but yet a real revolution, which has long since commenced, and is in active progress throughout Europe. By education the people are everywhere acquiring knowledge; and knowledge *is* power.

Whilst education was nearly confined to the few whose position led them to cultivate literature as a recreation, an amusement, or a resource against vacancy, the subjects which attracted the greatest attention were naturally of a corresponding character —light, unsubstantial, and objectless. The refinements of classical literature—the charm of poesy—the studied graces of composition—the subtle logic of the schools —the idealisms of metaphysics—the abstract speculations of exact science—and the nice distinctions of theological dissent—these were, in turn or together, the engrossing subjects of study and controversy. But the

thirst of *the people* for knowledge is not to be slaked at such fountains. Those whose daily labour wins their daily bread, with whom comforts are scarce, and necessaries not abundant; whose very means of existence are in the highest degree precarious,—this class no sooner begins to read, to think, to reason, and to inquire than their reading, their thoughts, their reasoning, and their inquiries run into channels of vital interest to themselves, and immediately connected with their own position. They ask themselves, they interrogate each other, they consult all publications to which they have access upon the, to them, all important question, "How it happens that their condition is so depressed—their position so precarious? Whether this state of things is necessary, and, if so, why? If not, then how it may be ameliorated?" For to tolerate it any longer than appears to them unavoidable assuredly they will not submit.

Hence it is that the subjects we have mentioned as once engrossing the attention of the reading public are now comparatively neglected; and even the more useful branches of information on natural history and the arts and sciences, fail in obtaining much regard, to the discomfiture of their wondering teachers and professors. The prevailing stream of thought and argument sets towards questions of deeper moment, of more urgent and immediate bearing on the interests of mankind. A strong, though as yet scarcely recognized feeling has, in fact, begun to pervade society, that the well-being of its component members is the object most deserving of its attention, and should be its first and most prominent study; that the physical and mental happiness of man may be most materially influenced by his social arrangements, and that these arrangements are susceptible of great and indefinite improvement, so as to bring about

a proportionate increase of happiness to the individuals united under them, by the application to their study and perfection of the same sagacity, foresight, and powers of reasoning, which have effected such prodigious advances in the arts and sciences.

This feeling exhibits itself in the political excitement which more or less pervades every nation of Europe; and still more in the subjects discussed by the periodical press of every state where freedom of discussion is allowed. The questions agitated in all assemblies, indeed, wherever two or three are gathered together—in the hovel no less than in the palace—in the village pot-house, as in the brilliant circles of metropolitan rank and fashion, in the factory, as well as the club—have a direct practical relation to the constitution and interests of society. The conduct, the character, and the structure of governments and legislatures; the nature and probable results of laws to be enacted or repealed; taxation, the public debt, poor-laws, free trade; the condition and prospects of the great leading interests of the state, agricultural, commercial, and manufacturing—and, above all, of the labouring class, comprehending, as it does, the numerical majority, and, consequently, the physical powers of the community—these are now matters "familiar to our ears as household words," the topics of daily, hourly conversation and discussion, in every corner of almost every land; often ignorantly, stupidly, blunderingly treated, it may be; but still canvassed, spoken, written, read, THOUGHT upon.

The spirit that so occupies and agitates the general mind is not, as some pretend, one of causeless and casually excited dissatisfaction; it is no paroxysm of feverish irritation or chronic restlessness: it is the natural consequence of the progress which the many have made.

in the knowledge of facts, and in the power of reasoning from them. It is not symptomatic of disease, but rather of that period in the growth of the human intellect when it passes from adolescence to maturity: it indicates the approaching transition of society into a state of greater health and vigour.

The ideas of many who occupy themselves with such subjects are, no doubt, vague and indistinct; their opinions are fluctuating, and often contradictory; prejudice obscures the sight of numbers; false lights and visionary alarms deceive and distract the attention of more; the views of some are narrow, mean, and selfish; of others, wildly speculative and theoretical; of a few, destructive and criminal; but there is an average of correct apprehension, sound judgment, and virtuous intention, from which much may be expected. Above all, there is a common desire, nay, a determination to inquire into and thoroughly sift the arrangements of society, and a valuable acknowledgment from all sides that the object of these arrangements, and the end sought for in their discussion, is the benefit, not of one or a few individuals, but of the mass of the associated community—in the quaint phrase of the Utilitarian sage, "the greatest happiness of the greatest number." From the concussion of such elements good can scarcely fail to be elicited. Confiding, as I do, in the force and ultimate victory of TRUTH, and firmly persuaded of its beneficial tendency, I augur well of the struggle which is now going on, and entertain sanguine expectations of its result.

This little work is an attempt to aid the solution of the great problem now undergoing such general discussion. It is offered as an humble contribution towards the great fund of knowledge now in process of accumulation (and dispersed as fast as accumulated) on the

principles of social welfare. It directs itself especially to investigate and explain the laws that determine the supply of a people with the necessaries, comforts, and luxuries of physical existence. It is this branch, in particular, of the science (if so it may be called) of social happiness, which appears to the writer to be at present, if not the most neglected, at all events the least understood in theory, and the most mismanaged in practice.

The character of nearly all governments is undergoing a rapid improvement even where their forms remain unchanged. The welfare of the people is now universally acknowledged as the only legitimate end of state policy. The spirit of conquest and the mad thirst after military glory have subsided before the humanizing influence of a lengthened personal, literary, and commercial intercourse between nations. Education has taken rapid strides in almost every quarter, and is quickly dispelling the bigotry and intolerance which cunning had engrafted upon ignorance. The press, the organ at once and the guide of public opinion, has widely extended its peaceful but powerful sway. A community of thought and feeling, a sense of kinsmanship and common interest, a kind of cosmopolitan sympathy is establishing itself between bodies of men in every region of the globe; and millions of hearts now vibrate to the same chord, in conscious unison, from the Mississippi to the Ganges, from Torneo to the Cape. The number of minds everywhere occupied in the investigation of useful subjects, and the means afforded for the intercommunication of their respective discoveries, has prodigiously multiplied. Art, science, and literature have made, and are daily making, corresponding advances. The mechanical arts, especially, have moved forward with unexampled celerity; invention has suc

ceeded invention, until the facilities for producing objects which shall minister to the ever-varying tastes and ever-augmenting wants of man seem almost boundless.

Still, amidst these bright and promising prospects, some gloomy shadows are visible. Something still disturbs these elements of general improvement, neutralizes their beneficial qualities, and hinders them from combining, as might be expected, to work out a general and uniform advance in happiness. Wealth, it is true, has increased in certain quarters; but poverty, on the other hand, has increased likewise, or, at least, has not proportionately diminished. There is almost everywhere an actually overflowing supply of articles of luxury and refinement. But there is, at the same time, almost everywhere, an ominous and anomalous want of the very necessaries of subsistence. Knowledge is increasing; discoveries in art and science are adding daily to the stock of superfluities; while *food*, the staff of life, seems to be stationary, not to say retrograde, in the rate of its supply.*

This is not as it should be. There is something wrong—

"When wealth accumulates as men decay."

it is not merely an unhappy and a dangerous, it is an unnatural and paradoxical state of things. It can only be the result of culpable mismanagement—mismanagement having its root in either the fraud or the ignorance of those who model the institutions, and administer the resources of nations. Ignorance, rather than fraud, we believe to be the main root of the evil. No statesman, no despot even, in the present day, sets to work know-

* Written, of course, while the corn-laws were in force.

ingly to destroy his country and deteriorate the condition of the people under his sway, for his own selfish purposes. It is well understood now that the interest of the governor lies in the well-being of the governed; that political discontents have their origin in physical distresses; that the ease, the power, the wealth, the glory, of a government depend on the prosperity of the nation it presides over. It is to the ignorance, then, of both governors and governed, as to the just direction of their collective resources, and the true principles of economical policy; to the blundering stupidity of power, rather than to its knavery and wickedness, that we must trace the defective arrangements, and, consequently, imperfect operation of the mechanism of most existing societies

This ignorance, like that of every other kind, is to be dispelled by inquiry and discussion. The rules for securing the physical well-being of communities are simple, and, when sought in a spirit of candour, almost self-evident. The writer has endeavoured to clear the subject from the abstruse and unnecessary mystification in which it has been shrouded of late by some of its more popular expounders; and to bring its leading principles within the comprehension of readers of all classes possessed of plain common-sense understandings.

One primary object which he has had in view, in this as well as in other previous publications, he acknowledges to be the refutation of that most pernicious dogma which has long been palmed upon the public as the fundamental axiom of political economy: namely, "the tendency of population to exceed the procurable means of subsistence." His desire has been to demonstrate, in opposition to the heartless and paralyzing doctrines which this chimera has engendered, that man's deficiency of subsistence is his own wilful fault,—that, in his aggregate capacity, he has everywhere and always

had within reach the sources of an abundant supply for the satisfaction of all his reasonable wants; and that, so far from any artificial limitation of numbers being needed in the present mid-day blaze of knowledge applicable to the improvement of his productive powers, nothing more is wanting, in order to secure a continual *increase* of the means of physical enjoyment *at the command of every individual*, however rapid the growth of numbers, than that societies should exert, in the prosecution of their collective interests, and the enlargement of their collective resources, the same prudential foresight which individuals are accustomed to employ in advancing their particular interests, and extending their individual means.

If he succeed only in obtaining the recognition of this great truth, the author's most ardent wishes will be amply fulfilled. It is pregnant with inferences which cannot but lead to results of incalculable benefit to the whole human race.

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POLITICAL ECONOMY.

[*N.B.—Throughout this Edition the bracketed portions, both of the text and notes, are new; the unbracketed (except a few verbal corrections) an exact reprint of the Edition of* 1833.]

CHAPTER I

Questions as to the cause of the disparity of fortunes and positions best answered by Political Economy.—Its study not merely that of wealth, but of wealth as a means of general happiness.

[At the present time every human being, in countries more or less advanced in civilization and the arts of life, finds himself, on arriving at the age when thought begins to develop itself, fettered in his actions by surrounding social arrangements, and dependent upon others—especially, in his early years, upon his parents—for the means of existence. Everything about him is already appropriated by some one, and he is soon taught that law and usage forbid his helping himself to any of the desirable objects he sees around. By and by, in the great majority of cases, he finds that he must work in some way for his livelihood, as his father probably does. And should he have the good fortune to be born in a society blessed with institutions that secure

a reasonable freedom to its members, he is able to choose his own walk in life, and work for himself in whatever vocation is best fitted to his circumstances and his physical or mental capacity. If possessed of an inquiring mind, he will, however, be likely to ask himself or his friends why is this enforced appropriation of all the good things of the world, including some which appear at first sight to be the spontaneous gifts of nature; how it came about, and what can be its justification. And at first he may be tempted to rebel in thought against the restraints of the law by which property is protected. But a little observation and reflection, or the instruction of his elders, soon teach him that without such restraints, enforced by the combined power of society, disorder and anarchy would probably rule supreme; the strongest individuals would rob the weaker of the results of their toil; fierce contests would take place for the use or possession of every desirable object; sanguinary encounters would be of universal occurrence; and, in the scramble, all that is conducive to human enjoyment would be spoilt or destroyed. The most untutored intellect must see the necessity, on these grounds, for the establishment of some rule and order among the members of every society to control the action of individuals when it invades the liberty and justly-acquired property of others. That this is the fact may be seen in those promiscuous gatherings of persons from all quarters of the globe, individually often of the roughest sort, which have of late years collected at the various gold or diamond fields of wild lands. These men have invariably instituted some rules for the security of life, the prevention or settlement of disputes, the appropriation, on just and equal principles, of separate claims to individual diggers, and the protection of their property

in the gold or precious stones each may find; and they have enforced the decisions of their self-appointed tribunals with all the collective power of the society.

It may be said, however, that these men, having been born and bred in civilized countries, where law and order are already established, bring with them these ready-formed ideas. But it can scarcely be questioned that in the rudest and most primitive condition of human society the same notions must have always prevailed. Whether, as some writers suppose, by intuition, or, as others prefer to believe, taught by experience, the community must have been led to establish by common consent some definite rules for the protection of the persons of individuals, and of the property they may have acquired by their labour, from violence and rapacity. And these rules would not merely be sanctioned by the approval, but would be enforced by the collective power, of the society, in cases where the public opinion failed to secure their observance.

Nevertheless, even these arguments may not always suffice to convince all of those who in the present day find themselves born without any claim to existing property, and who see vast masses of wealth possessed, under the sanction of the law, by persons who perhaps do no work at all, and appear to have in no way earned for themselves the advantages they enjoy. Dissatisfied by the contrast of their own precarious and possibly miserable condition with that of the latter class, they may seek to know how such apparent inequalities of fortune can be explained or justified, as being in accord with the admitted rule which makes the greatest happiness of the greatest number the end of all social institutions.

The best reply to this reasonable question is afforded by Political Economy, which explains the circumstances

and conditions under which the wealth of nations and of the individuals composing them has been built up and is hourly increasing; how the existence of laws securing freedom of person, of individual property in the results of individual labour, together with freedom of industrial occupation and of the exchange of commodities so acquired, are indispensable to the growth and general, although certainly not equal, distribution of wealth among the members of any society. It has been made a reproach to Political Economy that it studies only the wealth, but not the happiness of nations. This is not true of the science as properly understood and interpreted. Its study is indeed that of wealth, but only as one of the means of promoting human happiness. It does not deny or ignore, though it is not concerned with, the influence on human happiness of other studies, such as those of theology, ethics, politics, or the natural sciences. Let it be admitted that wealth alone is no certain measure of happiness; that a poor man, or a poor nation, may be as happy as a rich one; yet it will not be denied that, as human nature is constituted, wealth,—that is to say, the means of commanding a supply of the necessaries, comforts, and luxuries of life, and even for its own sake—is sought after by the generality of mankind with quite as ardent a devotion as any other object of desire. Its pursuit is, in fact, the mainspring of all industrial efforts, and one, at least, if not the strongest, of the causes of civilized progress. An inquiry, therefore, into the methods by which this universal pursuit is carried on in practice, and with the greatest success, cannot but possess general interest, even though it be acknowledged that the happiness of states and of individuals may be, and is, influenced likewise by other and nobler principles, and that these may occasionally

lead to conclusions opposed to the rules by which the greatest amount of wealth is to be obtained.

The greater number of mankind, it has been already said, find themselves obliged to work in some way for their own subsistence and that of the families with which a natural instinct has led them to surround themselves. But the desire for the acquisition of something beyond the bare necessaries of life is common to all, with the exception, perhaps, of some of the indolent and apathetic races inhabiting tropical countries. The wish for some additional luxury of food, some superfluity of dress or ornament or house decoration, something to gratify the love of display or ostentation, or æsthetic or intellectual taste, leads men everywhere more or less to endeavour to increase their command over such enjoyments. And to these desires it may be almost said there is no limit. There is also another desire nearly as strong and universal as that for the means of immediate gratification—namely, the wish to accumulate wealth for its own sake, or for the benefit of a man's descendants. The desire to leave his children well provided for, and independent of the caprices of fortune, is natural to most men, and a continual stimulus to active exertion. Nor does it stop there; for the wish to found a family which shall occupy a good position in society is a further very general motive for the prosecution of industrial enterprises. Political Economy notes the operation of these various motives for the pursuit of wealth, and assumes the continuance of their influence on human affairs. Upon this assumption it builds its arguments, and rests its conclusions. It does not, however, as some both of its teachers and detractors appear to imagine, assume that every increase in the amount of wealth is of necessity an increase of general and individual happiness. The

rules, therefore, which it indicates as best fitted to increase the wealth of a community require, in order to become a safe guide to government and legislation, to be tested by frequent reference to the common good, for which alone all the laws of society are established. The mode, indeed, in which the wealth of a community is distributed among its members is of greater importance than its aggregate amount. And to this consideration we shall presently have to advert.]

CHAPTER II.

Definition of Wealth—and of Labour.—All Labour productive.—Labour rather a pleasure than a sacrifice—must, however, be free—and sufficiently remunerated.—Minimum of sufficient remuneration.—Wealth no certain measure of happiness.—Test proposed.

WEALTH, then, in its relation to the general welfare, is the subject of the investigations of Political Economy; and by wealth, as has been already said, we understand all the necessaries, comforts, and luxuries of life which are habitually bought and sold, or *exchanged*. If a brief definition of wealth were desired, it might be declared to comprehend all "the purchaseable means of human enjoyment."

There are many things which contribute to the enjoyment of man,—such as air, water, the light and warmth of the sun, the beauties of nature, the blessings of health, and the exercise of the social affections,—which yet are never considered (unless metaphorically) as wealth. They are "valuable" in the common sense of the term; but they possess no value in exchange. They are not capable of being made the subject of pur-

chase and sale, nor yet guaranteed by the law as property: the economist, therefore, has no concern with them. The range of his inquiries is limited to such objects of human desire as are capable of appropriation by the law, and of transfer by sale or exchange. The regulation of those elements of happiness, physical or mental, over whose supply man exercises no control, he leaves to Providence;—to the moralist, the divine, the physician, he leaves the study of those which fall within the sphere of their several influences. His peculiar object is to ascertain the means of augmenting the happiness of mankind, in as far as it is affected by the abundance and distribution of those more tangible and appreciable matters which compose the purchaseable necessaries, comforts, and luxuries of life.*

One of two circumstances is necessary to confer exchangeable value on an object, in addition to its useful

* Mr. Malthus and other economists have much puzzled themselves and their disciples by raising a needless debate about some particular things, of which it is disputed whether they are to be considered wealth, and therefore within the range of Political Economy or not. For example, the services of menials, and of artists and actors, &c., have caused much hot dispute. Mr. Malthus excludes them from the category of wealth on the ground that they are *immaterial*. Inasmuch as they are habitually bought and sold, I should consider them comprehended in the definition of wealth given above. I can see no essential distinction between the services of a nobleman's outrider and those of the horse he rides; between the value conferred upon a piece of canvas by an artist, and that conferred upon a piece of cotton by a calico printer; they are equally purchased in exchange for wealth; they are equally reckoned as the signs of wealth by the vulgar; they are equally enjoyed as wealth by their possessor. But, in truth, the attempt to refine upon the subject with such minute accuracy of definition is much more likely to lead to confusion than clearness. [Mr. J. S. Mill also limits his definition of wealth to material objects, and of productive labour or expenditure to that which is productive of wealth. But he further limits the meaning of wealth to "*material* objects of a *permanent* character, that is, which cannot be kept for *some time* (*sic*) after being produced before they are used." (Book I. Chap. III. § 2.) Is it

or desirable qualities, viz.—that it require some labour to produce it, or that it exist in less quantity than is wanted,—in technical terms, that its supply be short of the demand for it. Water, however useful, nay, necessary, to man—however valuable in the ordinary meaning of the word—yet wherever it is to be had in abundance without trouble, as by the side of a river, has no exchangeable value: it *costs* nothing, and will, therefore, sell for nothing. But at a distance from springs or rivers, as in a town, where water is not to be obtained without some trouble, it acquires a value in exchange, and that value will depend chiefly upon the trouble or labour it costs to procure it. An additional element in value is scarcity, or an insufficient supply to meet the demand. In the deserts of Africa a skin of water may at times acquire a value infinitely exceeding the cost of

possible to conceive definitions so indefinite? What is material? What is permanent? What is the precise meaning of "some time"? The first two questions plunge us into the labyrinths of metaphysics. The last is so vague as to embrace whatever meaning you choose to give it. The inconsistencies—not to call them absurdities—into which these definitions lead Mr. Mill are only too apparent in the very pages in which he prints them, and in which he painfully and hopelessly struggles with the difficulties they create. Thus he finds himself forced to admit that the labour spent in the acquisition of skill and knowledge by lawyers and physicians is productive, and therefore that skill and knowledge must be wealth. But what is there material in skill and knowledge? Again, the skill of an artist or actor is, he says, not wealth. But where is the distinction between this and the skill of a physician, or, indeed, of a butcher or a watchmaker? And these latter Mr. Mill classes as wealth. Again, wealth is defined by Mr. Mill as something "permanent, and which can be kept for *some time* before being used." Is, then, a quarter of corn wealth, but a batch of loaves not wealth? Is a fat ox wealth, but the same, when killed and cut up into joints, not wealth? Are fruits and vegetables when growing wealth, but, when they appear for sale at Covent Garden, have they lost their character of wealth? Such definitions cannot help to teach correct ideas on the science of wealth. It cannot but happen that the words will be sometimes used in the sense of their definition, and as often in the opposite or vulgar sense, and nothing but confusion ensue.]

conveying it there from the nearest well. A rare jewel, or book, or object of art, often obtains a value bearing no relation to the labour by which it was procured or produced. But the primary element of value in most things is *cost of procurement;* and the cost of procurement consists almost wholly of the trouble or *labour* necessary for procuring the article.

What, for example, gives their exchangeable value to the fruits of the earth? Not their adaptation to the appetite of man. The finest fruits, if they grew spontaneously in such abundance over all the inhabited earth that every one might satisfy his longings for them by the mere trouble of lifting his hand, would have no selling value. But inasmuch as fruits usually grow only in particular situations, and require much trouble in planting, protecting, gathering, and bringing them to market, they acquire a proportionate value,—since those who wish to obtain them must either take all the trouble necessary for the procuring them, or give something in exchange for them which shall be considered a satisfactory equivalent for all this trouble by those who have taken it in order to produce and sell them.

All saleable property, or wealth, therefore, is the produce of trouble or *labour*. And in order to avoid confusion, it is desirable to confine this term labour to such exertion as is productive of wealth. Men exert themselves for amusement, health, or recreation, and may fatigue themselves as much in so doing as a ploughman or a mason; but their exertion neither produces nor is intended to produce anything which can be exchanged or sold, and it will be desirable, therefore, not to call such exertion labour. The limitation of the term labour to such occupations as are productive of wealth, and exerted for the sake of gain, will put an end to much of the unprofitable and futile discussion, so common in

works on Political Economy, as to what kinds of labour are productive and what unproductive.*

Though it is a law of nature that labour, in some shape, is necessary for the support of man's existence, since even the necessaries of life are in no quarter of the globe to be procured without it, yet those persons are surely in error who consider this condition as an evil, and labour as essentially a sacrifice and privation. Eating and drinking, likewise, are necessary for the maintenance of life; but they are not on that account usually considered as sacrifices. As has just been remarked, we often see the amateur artist, gardener, farmer, or mechanic, fatigue himself as much for the mere pleasure afforded by the employment, as those who do the same things for their daily bread, or for gain. So far from complete inaction being perfect enjoyment, there are few sufferings greater than that which the total absence of occupation generally induces. Count Caylus, the celebrated French antiquary, spent much time in engraving the plates which illustrate his valuable works. When his friends asked him why he worked so hard at such an almost mechanical occupation, he replied,

* The difficulties with which the ultra refining and mathematical school of political economists have to contend are well exhibited in the disputes between them as to the limits of productiveness. Mr. Malthus [followed in this by Mr. J. S. Mill] denies that the labour of a cook, a coachman, an author, or an actor is productive, though asserting the productiveness of that of a butcher, a coachmaker, a printer, and a scene-painter. Mr. M'Culloch, running into the other extreme, insists that the occupations of billiard-playing, blowing soap-bubbles, nay, of eating, drinking, and sleeping, are productive! [Mr. J. S. Mill and Mrs. Fawcett teach that the labour which builds a ship or a house is only productive on condition that neither are destroyed before they have served the end for which they were intended. If the ship founder at sea, or the house is burnt, all the labour that constructed them has been unproductive from the beginning. But how if the ship or house be insured? It is evident that such definitions are mere word-puzzles, making obscurity more obscure.]

"Je grave pour ne pas me pendre." When Napoleon was slowly withering away from disease and ennui together on the rock of St. Helena, it was told him that one of his old friends, an ex-colonel in his Italian army, was dead. "What disease killed him?" asked Napoleon. "That of having nothing to do," it was answered. "Enough," sighed Napoleon, "even had he been an Emperor."

Even severe manual labour is not necessarily a sacrifice. There is an animal pleasure in toil. It is questionable whether the mental or bodily labour to which the highest and wealthiest classes are driven to resort as a resource against ennui communicates, in general, so pleasurable an excitement as the muscular exertions of the common hind, when not overworked. Nature has likewise beneficially provided that if the greater proportion of her sons must earn their bread by the sweat of their brow, that bread is far sweeter for the previous efforts than if it fell spontaneously into the hand of listless indolence. It is scarcely to be questioned, then, that labour is desirable for its own sake, as well as for the substantial results which it affords; and, consequently, that it by no means lessens, but rather adds to, the general chance of happiness, that nearly all the members of society should, in some shape, or other, be placed under an obligation to labour for their support.*

Nor is it much to be regretted that some modes of employment are less agreeable or more irksome than others. Habit has a powerful effect in qualifying the disagreeableness of occupations, and of converting them

* In a popular farce, Deputy Figgins, a London shopkeeper, when persuaded by the solicitation of his wife to leave his shop for a day, and take an excursion to Richmond, exclaims, "Well, my dear, since we must give up the day to pleasure, let us make it as like business as possible." And the sentiment is so true to nature that the hit always tells through the theatre.

into sources of gratification. Hundreds of facts might be adduced to prove that the persons engaged in employments which to others of different habits appear intolerably disgusting or irksome, become after some practice not merely reconciled, but attached to them. There are few workmen who, if asked, will not declare their preference for the branch of labour to which they have been brought up or long accustomed, over any other. It will appear, on examination, that whether an individual ply his occupation by sea or land, in the open air, in the interior of crowded towns or manufactories, or in the bowels of the earth,—these circumstances in no degree influence the pleasure he takes in his labour, or the amount of comparative happiness which falls to his lot. In truth, whatever inconveniences do attend particular employments are necessarily compensated by the proportionately increased remuneration, which, under a system of *free labour* and free exchanges, is sure to be awarded to them; and that this compensation is complete in the estimation of the labourers themselves is proved by there being as much *competition* for such employments as for any other.

This brings us to the important consideration that, in order not to interfere with happiness, *labour must be* FREE, that is to say, voluntarily exerted, and left at liberty to take any direction that it may please the individual labourer to give to it. Compulsion is itself a privation, and a source often of very considerable suffering; and an occupation which might be undertaken and exercised with pleasure by any one of his free will must be a grievance and a hardship if forced upon him.

But not only is forced labour less *pleasurable* than free, it is likewise incomparably less *productive*. All observation confirms what our instinctive sentiments will suggest, that to encourage a man to put forth his

powers to the utmost in any kind of labour, he must be left free in his choice as to the nature and quantity of his work. It is scarcely necessary to refer, in proof of this, to the notorious idleness, apathy, and obstinacy of the slave. But it may be as well to advert to the decisive fact, that by far the most productive labour of all is that of the *mind*, which is not susceptible of compulsion. A man may be forced to dig a field, or spin a web, but he *cannot be forced to improve a plough or a loom*,—much less to invent a steam-engine or a spinning-jenny. Nor even if compulsion could extort such results of mental labour from those who were capable of it, could a master know beforehand where lay the dormant capacity. No artificially prescribed contrivances can direct the ingenuity of individuals into those lines of thought or action for which they are by nature best qualified. Perfect liberty in the choice of occupations is absolutely necessary, to ensure the adoption of such as are most suitable to the peculiar qualifications of the individual, and likely, in consequence, to be most productive, as well as most agreeable. And thus the freedom of labour becomes doubly important, as necessary for increasing both the happiness of the labourer and the productiveness of his toil. It may be said, indeed, to be one of the natural rights of man, which no government can justly intrench upon, without the strongest proofs of the necessity of such interference for the general welfare.

Neither must labour, to be pleasurable or productive, be without an object. It is the cheering anticipation of some gratifying result, and the hope of enjoying this, which sweetens the toils of labour, relieves its irksomeness, and appears to shorten its duration. It is the *produce* of labour which forms its natural reward. It is in the satisfaction of man's wants that the sacrifices,

if any, necessary for that end, are more or less fully repaid. Though labour is necessarily no evil, yet it is the prospect of its reward that gives it much of its zest; and if this be scanty and inadequate, the toil endured for its sake is embittered. If sufficiently remunerated, labour cannot, under a system of freedom, be a source of suffering. The temptation of high wages may, it is true, induce some individuals to overwork themselves imprudently, and exhaust their strength and health. But these are rare exceptions. We deal only in generals; and, as a general rule, it cannot be doubted that where a sufficient remuneration is to be obtained by *moderate* labour, it may be most safely left to the labourers themselves how far they will or will not exceed that point.*

With respect to what constitutes a sufficient remuneration for labour, there may be some uncertainty. This, however, may be laid down as unquestionable,

* This assertion does not militate against the principle of the Sabbath, or that on which the "Factory Bill" is founded. The Sabbath was instituted for a state of society in which the labourers were principally slaves, and needed some protection from being overworked by their masters. It has operated most beneficially in countries where slavery no longer exists, but where the reward of labour, owing to a bad system of public economy, is so scanty that the labourers would otherwise have been driven to ceaseless toil by sheer want. As a moral and religious institution, the Sabbath is beyond all praise. But in an economical view, where labour is free and well remunerated, it is clear no law can be wanted to protect the labourer from overworking himself. And, in fact, where wages are high, the workmen generally take one, often two holidays in the week, in addition to the Sunday. The same reasoning applies to the Factory Bill, a measure which in a thoroughly healthy state of society would be a needless interference, though in the existing circumstances of this country, it seems to us highly desirable (1833). Its restraints are, however, confined to the overworking of women and children who are supposed to be under the orders of their male relations. It belongs, therefore, to the category of those laws which are required to protect the weak against the tyranny of the strong.

that it must *not be less* than will find the labourer and his family, if he have one—ay, even as large a one as he can possibly have,—in a sufficiency of wholesome and agreeable food, warm and decent clothing, and convenient lodging,—in short, in the means of comfortable subsistence, besides enabling him to indulge in an occasional holiday, and to lay by a provision against sickness, casualty, and old age.

If, as we think will hardly be denied, these views are correct, we arrive through them at something like a general principle as to the fundamental conditions essential to the general happiness;—namely, that the labour, which we must believe will always be necessary for the support and gratification of the great mass of mankind, be *voluntary* and *free in the choice of its direction;* and that by moderate exertion it obtain as its recompense at least a sufficiency of the necessaries and principal comforts of life, both for the present consumption of the labourer and his family, and for a reserve against contingencies.

These conditions fulfilled, every further increase of the comforts or luxuries which falls to be divided among the members of a community, is an increase to their general means of happiness, proportionate, *cæteris paribus*, to the equality with which they are distributed. But these conditions *must be fulfilled* before an increase of the *general wealth* can be assumed to be an addition to the general happiness, and therefore a desirable object in the eyes of the political economist; who, mindful of the true end of his science, looks to wealth only as a means of happiness, and declares against all such measures as, though tending to augment the mass of wealth, do not tend to *distribute* it in such a manner as to augment the general happiness.

That every increase of wealth is not a proportionate

increase of the aggregate means of enjoyment—nay, that some kinds of wealth may be greatly augmented at a great sacrifice of human happiness—is easily demonstrable. Suppose, for example, a race of absolute sovereigns to have a taste for jewels, and to employ several thousands of their subjects or slaves, generation after generation, in toiling to procure them: these treasures will be wealth of enormous *value*, but add barely anything to the aggregate means of enjoyment. Suppose another race of sovereigns to have employed equal numbers of workmen during the same time in making roads, canals, docks, and harbours throughout their dominions, and in erecting hospitals and public buildings for education or amusement: these acquisitions to the wealth of the country, having cost the same labour, may be of equal *exchangeable value* with the diamonds of the other sovereign; but are they to be reckoned only equally *useful*—equal accessions to the aggregate of human gratification? Suppose two tracts of ground of equal extent and fertility, one laid down as a deer park for the sole pleasure of a wealthy individual, or sovereign (as when the New Forest was emparked by Rufus), the other divided into moderate-sized farms, each affording to the landlord a fair rent, to an honest farmer and a tribe of contented cottagers employment and maintenance,—to the community an enlarged supply of food. Such tracts may be equally valuable, if sold in the market, but are they equal in their influence on the sum of human enjoyment? Even Slavery itself may be in all probability, to a certain extent, a means of increasing the quantity of exchangeable wealth in the world; but will any one recommend it as a means of augmenting the mass of human happiness? No! wealth may be purchased at too high a price, if that

price be the degradation and suffering of those who produce it. Wealth is only to be measured by its exchangeable value. In this sense increase of wealth assuredly is no certain measure of the increase of enjoyment; and the science of wealth, if the attention be confined to the means of increasing its aggregate amount, may occasionally lead to what will injure rather than benefit the human race. If the greatest happiness of the community is the true and only end of all institutions, it follows that a government which should take Political Economy of this narrow kind as a guide to its legislation, without continually correcting its conclusions by reference to the principles on which the happiness, not the wealth, of man depends, must often sacrifice the real interests of the people it presides over for a glittering fiction.

It may be said that such inquiries would be difficult and complicated;—that it is impossible to mete out happiness, or establish a graduated scale by which to ascertain the utility of legislative measures towards this end. But the same argument might evidently be urged with equal force against all moral science. The happiness of society is the only end of every moral as of every economic precept. If it be, as we readily admit, impossible to ascertain to a fraction the precise extent in which any given measure is likely to affect the happiness of a community—still this can be no reason for adopting so obviously false a standard as the increase of its aggregate *wealth* alone. There are other tests which there can be no good reason for neglecting;—there are, in the pursuit of economic as of moral policy, some broad landmarks to which it would be folly to shut our eyes—some palpable boundaries which it would be madness to cross—some clear general rules which point the direction of our path,

and reduce the chances of error within very trifling limits, if we do not foolishly refuse to walk by their light.

One of these criteria, and by far the most important, is the proposition, which we do not hesitate to lay down as a fundamental truth,—that *the amount of human enjoyment principally depends on the number of human beings enabled, without excessive toil, to obtain a comfortable subsistence, with satisfactory security for its continuance.*

That the happiness of individuals does not necessarily increase with their wealth is attested by the combined authority of all the philosophers and moralists of past ages. The most cursory observation of mankind proves that there is often as much enjoyment of life beneath a straw roof as a painted ceiling, —under a smock frock as a silken robe:—*

Nay there are who very plausibly urge that the cares of life increase with the increase of property.

Without heaping together commonplaces on the subject, it will be disputed by few that, beyond a certain point, the amount of enjoyment shared by the different classes of society is pretty equal. "Life," says a shrewd writer, herself of the most elevated class, "affords disagreeable things in plenty to the

* "Quei che felici son non han camicia."*

Casti, La Camicia dell' Uomo Felice;—one of the few of his Novelle that can be read with a relish for the philosophy, undisturbed by disgust at the profligacy, of this clever satirist. A sick sovereign is recommended, as an infallible specific for his disorder, the application of "the shirt of a happy man." His emissaries in vain ransack all countries in search of such a being. At last they discover an individual who acknowledges himself to be happy, in the shape of a wild mountain shepherd. But, alas! he has no shirt! on which the tale ends with the above exclamation. "Those only are happy who have no shirts to wear." So D'Alembert used to say, "Qui est-ce qui est heureux? Quelque misérable!"

highest ranks, and comforts to the lowest; so that, on the whole, things are more equally divided among the sons of Adam than they are generally supposed to be."* "Whoever enjoys health," says Jean Jacques, "and is in no want of necessaries, is rich enough; 'tis the *aurea mediocritas* of Horace."

This last passage states truly what that point is, at which an increase of wealth ceases to be a proportionate increase of enjoyment. Had Rousseau's language possessed the word, instead of necessaries, he probably would have said "comforts." Our own poet confines the real wants of man to

"Meat, fire, and clothes: what more? clothes, meat, and fire."

These, or in other words, the means of comfortable subsistence, compose the competence which admits of perhaps as keen and complete enjoyment of life as any fortune can bestow. That this comfortable subsistence is to be procured only by labour, so that it be voluntary, free in its direction, and not excessive, is, as I have attempted to show, no detraction from the enjoyments it affords, but rather, if anything, an addition to them.

If, however, we come to the conclusion, that an individual who has within his easy reach the means of comfortable existence enjoys as fair a chance of happiness as those who occupy stations in the common opinion of the world more enviable, it is very clear that *less than* this will not afford the same chance. Though the enjoyments of wealth may be, on the whole, counterbalanced by the cares that accompany it, the evils of poverty are real and uncompensated. An individual who wants the means of subsistence,—nay, of comfort-

* Letters of Lady M. W. Montagu.

able subsistence, together with satisfactory security for its continuance, is in a state of suffering! Coarse diet may please the hungry appetite of the peasant as much, or more, than do costly viands the palate of the rich gourmand, and a frieze coat may be as pleasant wear as superfine,—but scanty, unvaried, and ill-flavoured food, or deficient clothing and fuel, if it does not entirely prevent, must greatly detract from the enjoyment of life.

The conclusion then is, that every individual who has assured to him the means of comfortable subsistence without excessive toil, has a tolerably equal chance for happiness with those who possess a larger share of wealth; but that any falling off from this condition will proportionably lessen the individual chance of enjoyment. Consequently, any society must be judged principally by the number of those who possess the means of comfortable subsistence on these terms, compared with that of those who fail in obtaining them. And we thus acquire a *primary* measure of national happiness—independent of the aggregate amount of wealth in its possession—which cannot but be of service in the study of the domestic economy of communities.

The inference we deduce from this position is, that the first economical object with every government ought to be the securing to every individual member of the community it regulates, the means of comfortable subsistence in return for his labour, and the certainty of its continuance; and that until this is effected, no general augmentation of the national wealth—no signs of increased luxury among the higher or middle classes —no swelling of the import or export lists, or other supposed tests of national prosperity, can be depended on. The increase of wealth may possibly add to the means of gratification of the few who have already

more than they can possibly enjoy, but it may be accompanied by a falling off in the means of the many, who even now have less than the *minimum* necessary to save them from positive suffering.

Under such circumstances—and they are found not in this only, but, with the exception of the United States and some of our colonies, in nearly all civilized countries—the aim of the economical policy of their rulers should be, not simply to obtain the greatest possible production of wealth, but to obtain it in such a shape, and by such means, as will distribute the greatest possible share of it among the greatest number of people—so as to afford to each individual, at least, a sufficiency for his comfortable subsistence.

How this great object is to be accomplished—what are the steps which should be taken to promote so desirable a state of things,—can only be discovered by a study of the natural laws which determine the production and distribution of wealth, and particularly of those things which compose the necessaries of subsistence and the primary comforts of life. To this study we now proceed.

CHAPTER III.

Conditions of the Production of Wealth—The Institution of Private Property—Labour—Land—Capital.

As has been said, Man has everywhere and always, from the first traces we possess of his history, laboured in the production of wealth on that simple condition of appropriation which, under the sanction of law, is the natural foundation of the right to property, and a corollary from the right to personal freedom;—namely,

that whatever an individual creates or redeems from a state of nature by his labour is *his*, and *ought to be* at his sole disposal.*

* There exists a school of Political Economists, of which Mr. W. E. Thornton may be taken as the latest and most powerful exponent, who deduce the rules of the science from certain axiomatic and primary rights of man, the chief of which is what Mr. Thornton calls (*Fortnightly Review*, p. 598, for November, 1867) "the unbounded and incontestable right of a labourer to the produce of his unassisted toil." From that he derives an equally undeniable right in the capitalist to his property, which he says is only the accumulated produce of labour, though derived perhaps through successive generations of owners. But in a previous page (594) Mr. Thornton admits that "the claim of unassisted labour to the exclusive possession of his own produce is not so much a right springing naturally from any principles of natural justice, as an artificial privilege built up for the convenience of society." He goes on to call this "a microscopic flaw in the title;" but it is evidently a concession that rights to property are derived from the consent or direct enactment of society with a view to its own benefit—that is, they rest on expediency in the general interest. And what society has established, society may, on sufficient proof of expediency, modify, or even revoke. It is evident that the only foundation of any right to property being the enactment of a rule or law by society for the furtherance of the general good, that right cannot be pleaded against any change of such law as society may consider to be still more conducive to that object. The end in view in the establishment and upholding of the right to private property is double—viz., 1. The prevention of quarrels between individuals for the same thing. 2. The encouragement of industry by securing to labour the enjoyment of its full returns. These are great and important objects, but it does not follow that the wish of an individual as to the disposal of his property should be held sacred and inviolable to the end of time. Society may have to pay too high a price for the protection it is asked to afford to such an eternal devolution of proprietary rights. The welfare of existing and future generations may require their remodelling. And, in fact, this is constantly done in all civilized countries, as witness in our own every Act of Parliament which interferes with the provisions of endowments, or appropriates private property for State purposes, including every tax, local or general. None of these laws could be justifiable if the right of every individual person to the produce of his labour and of those to whom it has been transmitted by gift, inheritance, or contract were for ever "unbounded and incontestable," as Mr. Thornton describes it. In short, as the *Saturday Review* well puts it, in reviewing M. About's "Political Economy" (Nov. 30, 1872), "The real justification of

In some rare instances, however, attempts have been made to exchange this principle of private property for that of a community of goods between all the members of a society. But the experiment may be pronounced to have never succeeded in practice. Indeed, it will appear upon reflection to be irreconcilable with the most elementary principles of human nature. One of the strongest of these is the desire of individual appropriation. Sympathy is, no doubt, a very powerful sentiment; but it is provided by Nature, with a view, as we may well believe, to the preservation of the species, that the instinct of self-gratification should, for the most part, prevail over it. In the common phrase, *one's self* stands as *number one*. In the extremity of want or danger this instinct betrays itself most conspicuously. Next to a man's own self, in his estimation, usually stand his children, his parents, and the wife of his bosom. These are almost a part of himself; and their gratification is nearly as strong, sometimes a stronger motive for exertion than his own. But the sentiment becomes diluted by an attempt to expand it over a wide circle. And it is certain that, as a general rule, man will not labour for others than his immediate family, or for the increase of any common fund to be shared in alike by the members of a large community, with anything like the zest and willingness, the assiduity and perseverance, with which he will toil for himself.

Even within the limits of a family circle the same

private property is that its institution is practically useful. Prove this, and you have proved everything. But if it is a bad thing, the sooner we free ourselves from superstitions about inherent and inalienable rights the better." To whatever extent private property of whatever kind can be clearly shown to be inconsistent with the welfare of society, to that extent and in that degree society is justified—nay, bound—to modify it." The Political Economy that teaches the reverse of this is founded only on false assumption, and maintained by dogmatism, in opposition to reason and common sense.]

rule holds good among those who have attained to an age rendering them capable of labour. History presents us with many examples, and some are yet to be found existing, of patriarchal families in which all the members, comprehending several generations, labour for one common fund. But though these instances frequently offer engaging pictures of domestic happiness, yet it is certain that such communities have been rarely, if ever, observed to make any advance in the arts of production or the accumulation of wealth, or even to increase in numbers; but are found to stagnate in a condition barely removed above want, until something occurs by which they are broken up, and the strong stimulus of individual gratification is substituted for the less cogent one of the general benefit.

An additional objection to a community of property is that it necessarily puts an end to all individual liberty of *choice* as to the direction or amount of labour. Each labourer must have his specific task allotted to him by some superior power established for the purpose, which task he must be *compelled* to execute under pain of some forfeiture or privation. But we have already shown that to encourage the utmost productiveness of labour, as well as to render it pleasurable, the labourer must be left *free* to choose both the nature and quantity of his work.

It is the neglect of these principles which is even now betraying many ardent and benevolent investigators of the public happiness into signal and mischievous absurdities. The followers of Owen in this country, and of St. Simon in France, with other similar sects which are spreading through Germany and the United States of America, struck by the remarkable fact that the vast advance made of late years by civilized nations in the arts of production, though it has increased the

wealth of a few, has added proportionately little to the share of enjoyment that falls to the great body of the people, whose labour is the primary instrument of all production—have hastily jumped to the conclusion that, in order to ensure the more equal distribution of the products of industry, what is wanting is a new arrangement of society on the basis of a community of property. Now nothing can look more pleasing upon paper, or sound more enchantingly in a lecture upon social happiness, than a proposal to put an end to all the struggles of individual rivalry, and the painful contrast of contiguous wealth and poverty—to substitute co-operation for competition, love, friendship, and common enjoyment, for hatred, jealousy, and exclusive self-gratification. No picture can be more pleasing than that of men dwelling together in unbroken harmony and untiring union. No assertion can be more plausible than that were all the efforts of the industrious combined in one common direction, and all the rubs and jostling, and cross purposes, and mutual interference and injury prevented, which now check and retard the progress of each, the general advance would be greatly accelerated. But—is it possible to realize this beatific vision? Is its idea consistent with what experience teaches of the constitution of human nature? There is not the slightest ground for supposing so. Its designers forget that the industry, of which in the present advanced state of society they witness the fruits, has been brought into being, and has hitherto grown and thriven, *only* under the shelter of the institution of private property and the stimulus of competition; and that neither history nor observation warrants the assumption that continuous and earnest industry would have any existence except on these conditions. It is more than probable that the establishment of a community of property would, by

damping industry and discouraging production, shortly leave no property whatever to divide. The desire of individual acquisition has hitherto been the main motive to every exertion. Take it away, by sharing the results of a man's labours equally, or in certain proportions fixed by others, among his neighbours—so that he himself shall not be benefited, except in an infinitesimal degree, by its increase—and who will guarantee the continuance of his exertions with the same vigour and energy which he now evinces; if he even continue them at all, when sure of a maintenance, at all events, from the labours of others? All experience hitherto has gone to show the constitution of the human mind to be such, that freedom in the direction of labour, and security for the personal enjoyment or disposal of its products, are the conditions on which alone industry will be effectually put forth, and production advanced. That the opposite conditions will admit of the same results is not merely not in accordance with, but directly opposed to, the analogy of our experience. The proposal of a community of goods as a remedy for their present unequal distribution is like an attempt to cure a horse of stumbling by cutting off his legs. We are not surprised to find the same philosophers generally advocating a community of wives and children, with a view, it must be supposed, to the increase of the conjugal and parental affections.

[In the forty years that have elapsed since this was written, many further attempts have been made to establish socialistic communities—especially in America, the one country in which the experiment could be tried under the most favourable circumstances, since from the abundance and cheapness of fertile land a very moderate amount of labour will there suffice to procure a sufficiency for the maintenance of any number of

persons in comfort. Yet, what do we find in the History of these American Societies, by Mr. Noyes? They have all been unmitigated failures. "The history of one is the history of all. A writer denounces in very long words the evils of society. He depicts the beauty, the innocence, the harmony of country life in community. He gathers about him a few enthusiasts, like himself, and—many knaves. They select a beautiful farm on the banks of a river. They raise money on shares amongst themselves, or by subscriptions from philanthropists. They set out with a heavy debt, many long speeches, and much enthusiasm. When they arrive they find poor accommodation, bad food, rough work, very different from what they have been accustomed to. Illness soon sets in. No one prospers but the doctor. Perhaps the enthusiasm with which they started carries them on for some time. At length internal divisions arise. Dissensions, rivalries, jealousies spring up. The management of the farm is a constant difficulty. If a field has to be ploughed, some hours are spent in making speeches about it, and finding out who is to do it. Tools that belong to nobody in particular are abused by everybody in general. Their deficit increases. . . . Their own passions torment them. They dispute about carrying out their principles. They suspect one another. They quarrel about religion. They quarrel about their food. They quarrel about their loves. Some families desert. The rest linger on, but finally go too. The society breaks up insolvent."—From an article in the *Fortnightly Review* for December, 1872, by A. J. Booth.]

That the products of industry are, at present, unequally, and perhaps unfairly, distributed, is most true; but surely means may be devised for remedying this, short of the complete annihilation of the principle

itself of production—individual acquisition. That such means are attainable indeed, and this by the simplest exertion of forethought and prearrangement, I trust to be able shortly to show.

Enough has been said here, perhaps, to prove that since the main object of all regulations respecting wealth is to obtain the greatest possible amount of produce consistently with a sufficient remuneration to the producers, the principle of a community of property must be rejected as unfriendly to the voluntary increase of production; and the natural right of every individual both to choose the direction, and dispose of the produce of his labour (under reservations to which I shall hereafter advert), admitted as the only true foundation of economical polity. We proceed to consider the other essential conditions of production.

All wealth is the product of labour; but not of labour alone. Labour can *create* nothing. All that it does, is to alter the disposition of things already existing in what is usually called a *state of nature*. To produce anything, the labourer must operate upon some natural substance, and call in the ever-active powers of nature to his aid. The agriculturist, for example, does not create corn; he only applies the seed after a certain method which his knowledge, obtained through experience or precept, teaches him to be best adapted for causing the growth of the greatest quantity of corn; and the powers of the soil and the atmosphere, the moisture of the heavens, and the genial warmth of the sun bring about the *production* of his crop. These powers, therefore, of earth, air, water, and fire (which the ancients in their ignorance of chemistry considered, and in their equally ignorant, though pardonable gratitude, worshipped, as *primary elements*),—or to speak more correctly, the natural affinities of the material

substances occurring on the surface of the earth—must co-operate with the labourer, or his toil is utterly unproductive.

Nor is this generally enough. There are few things which an individual, though availing himself of all the powers of nature within his reach, can produce *by himself*, or by a single effort of labour. He must *call in the aid of others*; and he must, likewise, exert himself *at repeated intervals*;—he must avail himself of the results of his *previous labour*, or that of others—generally of both. Take the simplest case—the labour by which a man may sometimes satisfy his hunger by gathering berries from a bush. Even here nature must have first produced and ripened the fruit to his hand. Wild fruits, however, are but scantily supplied by nature. If then, to satisfy his wants, a man desire animal food, he must provide himself with some product of previous labour (his own, or of others), a club, a bow, a trap, or a gun; and he must acquire, moreover, by previous labour, both of mind and body, a knowledge of the haunts and habits of the animals he wishes to take, or he has but a small chance of breaking his fast upon them. If wild fruits and animals become equally scarce, and he is led by Necessity, the fertile mother of Invention, to sow or plant the herbs and trees which produce the former, and to domesticate the latter for the supply of his wants—still more observation, forethought, contrivance, and preparation are necessary on his part. He must acquire a *knowledge* of the habits and characters of the useful plants—of the best methods of cultivating and storing them; he must provide the proper seeds and plants—tools with which to dig up the soil, clean it, and gather his crops,—fences to keep off wild animals, and confine his tame ones, with a store of fodder for their

sustenance. All these preparations are the result of previous labour, accumulated for the purpose of aiding him in the production of food. Similar provisions will be required to supply him with clothing, shelter, and other desirable objects.

The results of labour so *accumulated*, or provided beforehand *for productive purposes*, are called by the general term *capital*.

It is thus made clear that labour can produce nothing, or scarcely anything, without the aid both of capital and the useful qualities of those natural substances which are found upon or beneath the surface of the earth. These, then, are the primary and essential elements of human production;—Labour, Capital, and the natural products of the earth's surface,—which last, so long as they are affixed to that surface, and not severed from it by industry, are all classed by political economists (following in this the language of the law of property) under the somewhat vague title of *Land*.* And if, as would seem proper, we comprehend under the term *labour* all the *ability*, or productive capacity of man, natural or acquired—under that of *capital* all the substantial results of labour, stored up and employed in furthering production—and under that of *land*, all the natural qualities of those substances met with on the face of the earth, which can be appropriated and rendered available for productive purposes, we shall embrace under these several heads everything that in any shape co-operates in the production of wealth, or in satisfying the wants of man, in every

* "The word 'land' includes not only the face of the earth, but everything under it, or over it. Therefore, if a man grants all his lands, he grants thereby all his mines of metal and other fossils, his woods, his waters, and his houses, as well as his fields and meadows." —*Blackstone's Commentaries*, II. c. ii. p. 18.

phase of his condition, from the extreme of barbarism to the acme of civilization. These elements of production we now proceed to consider separately, in the order in which they have been mentioned, namely, Labour, Land, and Capital.

CHAPTER IV.

Labour—Exchanges of its Produce—Right to free Exchange—Division of Labour—Its advantages—Co-operation and mutual dependence of all Labourers—Barter—Money—Its use—Coin—Credit—General use of.

THE first essential towards production is labour. But to play its part efficiently in this great business, the labour of individuals must be *combined*, or, in other words, the labour required for producing certain results must be *divided* among several individuals.

If a man were to attempt to raise from the earth's surface all the food required by himself and his family, and all the materials for their clothing, furniture, and shelter, and likewise to prepare them for use, it is clear that the food, clothing, furniture, and lodging he could obtain in this way would only be of the very poorest and scantiest description; not, under the most favourable circumstances, equal to those which Robinson Crusoe is described as having provided for himself in his island solitude; for Crusoe had attained a knowledge of many of the arts of civilized life, by education in a society where exchanges of labour had long been practised. Had all men persisted in labouring on a system of isolation, each for himself only, all must have remained in a state of barbarism. None of the useful arts could have existed. The metals would have slept untouched in the rock; the timber would have rotted

unhewn in the forest; the soil would never have been turned up by the plough or spade. A few raw fruits stripped from the wild bushes, and the precarious produce of the chase for food—clothing of skins, and the rude shelter of the cave or branch-hut, would have made up the sum total of human possessions. Under this system, the numbers of mankind must have been kept within very narrow limits by disease and a continual dearth of subsistence. Countries which now contain millions of civilized men, enjoying for the most part an abundance of comforts, could scarcely have supported as many hundreds of half-starved savages.

But it is contrary to the inherent tendencies of human nature that such a state of things should long continue. Man is formed to live in society; and, as we have seen, necessity suggests to every society the general recognition of the right of each individual to freedom in the direction of his industry and a private property in its produce. Now, wherever, and so soon as, these two fundamental principles of society are acknowledged, *exchanges* of the produce of labour immediately must commence among individuals. One, for instance, has gathered more fruits than he can consume, and meets with another who has a larger stock of skins fit for clothing than he can himself make use of. The first is in want of clothing, the latter of fruit, and each finds his advantage in exchanging the excess of the article he possesses for that of the other. The exchange being wholly voluntary on both sides, the advantage is mutual, and equal to both parties, or it would not be agreed to by both; and the same is true even in the most artificial state of society. So long as exchanges are free and voluntary, so long it is evident that the benefit to the exchanging parties is mutual and equal, or each would not agree to them.

The *right* to *freedom of exchange* is included in the right to a free disposal of the produce of labour, and rests on the same ground of expediency; since it is evident that in whatever degree the labourer is at any time prevented from exchanging the produce of his industry with others, for whatever he can obtain for it most desirable to himself—to that extent are his exertions damped and discouraged, their productiveness diminished, and their reward lessened; at the same time that his personal freedom of action is needlessly, and therefore wrongfully, interfered with.

The adoption of this system of exchanging the products of labour makes it exceedingly convenient and advantageous for each labourer to confine himself to the production of one, or at most, only a few commodities, and to exchange all that he produces beyond his consumption with others who in their turn do the same. Each is thus enabled to avail himself of any peculiar natural advantages he may possess, whether of personal powers or of position, for the production of a particular commodity; and, likewise, to acquire by the force of habit and undivided attention a high degree of *skill* in the performance of his peculiar task. By help of these *natural* and *acquired* advantages, he is enabled to produce far more, and, consequently, to obtain, in exchange for the produce of his labour, a far greater quantity of the things he desires to consume, than he could by any possible efforts directly produce of himself.

It is by this *division of labour* among a variety of classes of labourers, each of which adopts a different branch of industry, that the gross amount of production is infinitely augmented. Under the sanction of just and well-administered laws enforcing the fulfilment of contracts for the exchange of labour or of goods, and giving security to private property, this division is carried in

some countries to an extraordinary extent; and its effect in augmenting the general production, and consequently the wealth and comforts of all classes, is almost incalculable.

Dr. Smith was the first writer who called attention to the extraordinary increase in the productive powers of industry caused by the division of employments, and his mode of treating and illustrating the subject has been but little improved upon by any succeeding writer. He classes the advantages gained as,

First, increased skill and manual dexterity in workmen. A nail-maker, for example, by confining himself exclusively to the manufacture of that article, will make two or three thousand nails in a day; where an ordinary smith, who only turned his hand occasionally to this process, could not make as many hundreds. A man who wanted such a common thing as a few pins might, if he attempted to fabricate them for himself, spend a day in making a dozen of very bad ones; whereas by giving their attention exclusively to this branch of industry, and *subdividing* its various processes among themselves, ten men will, in a pin manufactory, make in one day as many as 50,000 well-finished pins, and their cost to the consumer is proportionately reduced. The rapidity with which the operations of some manufactures are performed exceeds what the human hand could, by those who had never seen them, be supposed capable of acquiring.

Secondly, the saving of time. An individual who carries on many different employments in places often necessarily far apart must waste much time in moving from one to the other, which will be saved by attaching himself exclusively to one occupation. This is Adam Smith's argument, but he might have thrown a far stronger light on the economy of time that results from

a well regulated division of labour, if he had noticed the power it frequently gives to one individual to do the work of numbers, quite as effectually as they could do it themselves. An excellent illustration of this benefit is given by Dr. Whately* in the establishment of a post-office and letter-carriers, without which every letter would require a special messenger to convey it to its destination. A postman who carries a thousand letters from the City, and delivers them in the vicinity of Chelsea in the course of a few hours, may be said to do the work which, without such a contrivance, would engage a thousand persons for nearly the same time. The carriage of goods of all kinds by persons who specially addict themselves to that calling, whether by sea or land, is, of all branches into which employment is divided, one of the most generally useful; because it operates to a vast extent in economising the time and labour of individuals. Let the reader imagine if possible the slow rate at which production of any kind would advance, if every labourer were obliged to proceed in person to fetch every article he required from the spot where it was raised, and to carry everything he produces to the place where it is to be consumed!

It is evident that, by these and many other contrivances, there is not only effected a vast economy of *time*, but of *power* likewise, through the division of labour. Without it a man would be often employed in doing what a child could equally well perform; and a workman of consummate shill or natural capacity for some particular branch of industry would be forced to let his great powers of production remain dormant for the larger part of his time, while he was providing for his varied necessities in a number of occupations, which

* Lectures on Political Economy, Oxford, 1831.

might be as well done by those who are capable of nothing else.

Thirdly, the invention of tools, machines, and processes for shortening labour and facilitating production. It is evident that a man who is eternally shifting from one occupation to another, for the direct supply of all his various wants by his individual exertions, will not be near so likely to invent ingenious methods for shortening or saving his labour, as one whose attention is devoted exclusively to a particular branch of industry. In fact, by far the greater number of improvements in tools and machinery have been produced by the efforts of workmen and artificers to economise their time and trouble, and increase the productiveness of their peculiar employments.

Perhaps in no trade has the division of labour been successfully carried to so great an extent as in that of watch-making. In an examination before a committee of the House of Commons, it was stated that there are a hundred and two distinct branches of this art, to each of which a boy may be apprenticed.

Fans, again, which are chiefly made in France, go through twenty different hands. But the result is, that a fan can be made for one halfpenny which, if made by one person only, would probably cost twenty.

An equal gain results from the division of the labour of the head, as from that of the hands. "As society advances, the study of particular branches of science and philosophy becomes the principal or sole occupation of the most ingenious men. Chemistry becomes a distinct science from natural philosophy; the physical astronomer separates himself from the astronomical observer; the political economist from the politician; and each meditating exclusively or principally on his peculiar department of science, attains to a degree of pro-

ficiency and expertness in it which the general scholar seldom or never reaches. And hence, in labouring to promote our own ends, we all necessarily adopt that precise course which is most advantageous for all. Like the different parts of a well-constructed engine, the inhabitants of a civilized country are all mutually dependent on and connected with each other. Without any previous concert, and obeying only the powerful and steady impulse of self-interest, they universally conspire to the same great end; and contribute, each in his respective sphere, to furnish the greatest supply of necessaries, luxuries, conveniences, and enjoyments."*

The system of the division of labour might be equally called the combination of labour, since its effect is the co-operation of many labourers to produce a common result. In fact, wherever this system has made any considerable progress, the society assumes emphatically a *co-operative* character. Every member is dependent on the aid of others in everything that he does, and for everything that he enjoys. The ploughman cannot turn a furrow without the help of the wheelwright and smith; these can do nothing without that of the timber and iron merchant, the miner, and the smelter. These again must be assisted by the rope-maker, the powder manufacturer, the engineer, the carrier, and several others; while all depend upon the baker, the mealman, the butcher, the farmer, the grazier, &c., for their supplies of food,—and on the tailor, the cotton and cloth weavers, the flax and wool grower, the importer of cotton, &c., for their clothing. All society is, in fact, one closely-woven web of mutual dependence, in which every individual fibre gains in strength and utility from its entwinement with the rest. But while all the members of society co-operate for a common purpose, the

* Macculloch, Political Economy, p. 95.

increase of the general welfare, each individual is still strictly occupied in pursuing what he considers his own private and exclusive interest in whatever way he likes best.

And here is to be seen the vast superiority of the principle of freedom over that of compulsion—of the system of co-operation which springs naturally and spontaneously from the mutual wants of men, over that artificial, forced, and premeditated system of co-operation, which of late has been put forward as the true rule of social arrangement, by the erratic and visionary philanthropist, Mr. Owen, and some of his followers. Had the wisest of mortals, at any former period in the history of this country, been entrusted with full powers to frame and organize a co-operative system, assigning to each individual in the state the task he was to perform for the common welfare, and distributing to each the share considered to belong to him of the common produce—can it be supposed for a moment that he would have been able to devise arrangements capable of securing anything like the efficacy and perfection with which the principles of free labour, private property, and free exchange perform at present the supply of all the varied and complicated wants of this vast population?

If we confine our attention to the mode in which the inhabitants of the metropolis are provided with the necessaries of life, we may see in it a wonderful phenomenon strongly illustrative of the benefits of the actual system of co-operation, founded on these great principles. If the management of this important business were entrusted to a few individuals, a neglect, a mistake, an indiscretion on their part, might occasionally bring upon this mighty centre of wealth and industry all the horrors of famine, and compromise the existence of three millions

of people. What is it, then, that performs this important function—that supplies this great population with its daily food, so quietly, and so effectually,—without bustle, without even organization,—without excess, as without waste—the supply so equally adjusted to the demand, that the prices of butchers' meat and bread do not perhaps suffer a variation of a farthing throughout the year, which is not to be accounted for by natural causes affecting the original sources of supply? What is it that performs this daily miracle, which only does not excite our continual admiration because it is self-effected with all the order, ease, and certainty of a great natural process? Why, the principle of competition; the free and open rivalry of thousands of individuals, each acting according to his own discretion in his own self-appointed sphere; each actuated by the unerring instinct of self-interest, which prompts him to produce as much as he can sell, but no more; to sell as much as he can with a profit, but to provide no more than he can dispose of without loss; to keep the supply full, but to prevent excess. An abundant supply causes each producer to lower his prices, and thus enables the public to enjoy that abundance, while he is guided only by the apprehension of being undersold; and, on the other hand, an actual or apprehended scarcity causes him to demand a higher price, or to keep back his goods in expectation of a rise. "For doing this the dealers of provisions are often exposed to odium, as if they were the cause of the scarcity; while in reality they are performing the important service of husbanding the supply in proportion to its deficiency, and thus warding off the calamity of famine. The dealers deserve neither censure for the scarcity they are ignorantly supposed to produce, nor credit for the important public service they in reality perform. They are merely occupied in gaining a fair

livelihood. And in the pursuit of this object, without any comprehensive wisdom, or any need of it, they co-operate, unknowingly, in conducting a system, which, we may safely say, no human wisdom directed to that end could have conducted so well ; the system by which this enormous population is fed from day to day."*

The advantages of the division and combination of labour will still further appear, when we come to treat of the several classes into which society divides itself as civilization advances.

The direct exchange of goods of any kind for goods is called *barter*; and, as it is the most simple mode of exchange, so we find it still the only method in use among some uncivilized nations. But its excessive inconvenience must suggest, even to a very low degree of intelligence, the advantage of improving upon it. Suppose a savage, for example, to have taken and killed a bullock, or other large animal, which he would find a difficulty in consuming alone. He is desirous of exchanging the surplus beyond his own consumption for a variety of other objects which he is in want of. His neighbours, on their side, are anxious to purchase his meat, but it is highly improbable that each should have by him, and can spare, just that quantity of any of the peculiar articles of which the owner of the meat stands in need, which will enable the former to obtain in exchange the precise quantity of meat which he desires. To obviate this difficulty, which must be continually recurring, one or other of two very simple methods would suggest themselves : the one, that he who had the meat or other object to dispose of should give *credit* to him who wanted it, on his engagement to pay him either the same or such other object as may be agreed upon, when able to do so, or at some definite

* Whately's Lectures, p. 108.

time ; the other, that individuals should generally keep by them a stock of some peculiar article in general request, a portion of which would be readily taken by every seller in exchange for his commodity. The first of these methods of facilitating exchanges is that of *credit*, the second of *money*. Both were probably coeval in their origin. Both have continued in use with more or less of improvement among all nations, civilized as well as uncivilized, to the present day.

Of the commodities that have been, and in some instances still are, in use as *money* by different nations, we may instance oxen, shells, salt, leather, iron, &c. But in nearly all countries men seem to have been at an early period determined by irresistible reasons to employ in preference for this purpose the more valuable metals, copper, silver, and gold. These reasons are, their possessing qualities fitting them for this peculiar office, in a far superior degree to any other commodity of intrinsic worth. They may be kept almost any time without loss ; they are of such rarity, and so much esteemed (that is, of such great intrinsic value), that small portions of them, easy to be carried about (more especially of the two precious metals), will exchange for comparatively large quantities of most other goods ; and they may be divided without loss into any number of parts, and reunited again, through their fusibility, with the same ease. The only difficulty was that of ascertaining their precise quantity and quality. For this purpose it would be necessary both to weigh and assay them. But as the process of weighing and assaying each piece of metal every time it was taken in exchange would have been an endless one, wholly destructive of all the convenience to be derived from its use as money, it seems to have been very soon discovered to be desirable that the government of every country, in order

to prevent imposition as to their weight or quality, should affix a certain *stamp* on the bits of metal to be employed as money, indicative of its quantity and fineness ; at the same time prohibiting by law the issue, or *mintage*, as it is called, of money by private individuals, and punishing the imposition on the public of *false* money, when detected, by the heaviest penalties. So stamped, money is called *coin* ; and on the faith of this government stamp, and the laws by which its imitation is prohibited, coined money passes current by tale, without the troublesome process of weighing or assaying. It is in this form that the precious metals, gold and silver, have become the universal *measure* of the *value* of other commodities, and the principal instrument or *medium for their exchange.*

But we have already mentioned the existence and general use of another medium for conducting exchanges besides money of *intrinsic* value ; namely, Credit, or the confidence placed by one individual in the *engagement* of another to pay him at a certain time a certain quantity of goods or money. This mode of conducting exchanges has one great and evident advantage over the use of money, namely, that it saves individuals the necessity of keeping by them a stock of an expensive commodity, for no other purposes than that which their credit, if unquestionable, would answer equally well. On the other hand, the drawback to the use of credit, as a medium of exchange, is its *insecurity*. Every one may know in the circle of his neighbours and acquaintance, individuals whom, from their character for rectitude and honesty, he would trust, to any extent, "with untold gold ;" but, unfortunately, our moral nature is by no means so perfect as to admit of such confidence being universal, or anything like it. In order, therefore, to prevent, as far as possible, frauds upon the over-credu-

lous, it has been found necessary, in all countries, for the government to enforce by laws the fulfilment of engagements or contracts—a necessity parallel to that which led, as just explained, to the laws for regulating the coinage of money. Supported by this guarantee, credit has performed its part as an instrument of exchange in all ages and countries where commerce has made any progress, and that to an extent seldom perhaps fully recognized by writers on these subjects. Because the precious metals, coined or uncoined, have been almost always and everywhere employed as the *measure of value*, they have been hastily concluded to have been likewise the principal, if not the only, *instrument* of *exchange*. But these two things are perfectly distinct, and a very little examination would suffice to convince us that the employment of credit in commerce, as a medium of exchange, has been very considerably underrated—that it has always carried on an infinitely larger amount of business than money, and indeed that, without it, commerce could have made but very little progress, cramped and fettered as it would have been by the disadvantages incident to the use of metallic money, which is, in truth, only a somewhat superior kind of *barter*.

This inquiry, however, may be better reserved for a future occasion. I will only mention here three facts, illustrative of the vastly superior extent to which in commercial countries credit is necessarily employed as an instrument of exchange, beyond *real* or *metallic* money. These are, first, that the entire commerce of Scotland, foreign and domestic, is carried on without the practical use of a single gold piece. Secondly, that, at the bankers' clearing-house in London, exchange transactions are *daily* settled to the extent of five millions sterling—on some days of *thirteen* millions—without

the intervention of any coin whatever, and by the employment of a floating balance of only about £200,000 in Bank of England notes, themselves merely representing the *credit* of that establishment. Thirdly, that there is at every moment in existence in this country an aggregate mass of transferable credit in the shape of book debts, foreign and inland bills of exchange, mortgages, annuities, and other moneyed liabilities, including the great national debt itself, to an extent, as regards the whole empire, certainly of *several thousand millions* in value, the whole of which is strictly in continual or occasional employment as a medium of exchange—an instrument, that is, whereby one individual obtains possession by consent of the produce or property of another;—while the amount of real or metallic money circulating through the same countries does not perhaps exceed fifty millions, and might probably, *as in Scotland, be dispensed with altogether*, without affecting in the least the extent of this prodigious mass of transactions *on credit*.

CHAPTER V.

Wages—Ample and continually increasing Wages secured to Labourers by the principles of Free Labour and Free Exchange—Inequality of Wages in different employments, and of different individuals—Ability, even of the lowest class, increases, and its reward ought to rise proportionately, with the progress of civilization.

HOWEVER directed, the motive to labour, freely exercised, must always be the result accruing to the labourer. This is technically called his *wages*. And since the more productive labour is rendered by the subdivision of employments and facilitation of exchanges we have

been describing, the greater must be the aggregate quantity of the good things of life produced, it would seem that the share falling to the lot of each individual labourer, as his recompense or wages, ought to be proportionately augmented. That it will be so, appears probable, if the several labourers and the several owners of the elements of production are left free to settle terms with each other, whence there should result a fair adjustment of their relative claims on the joint produce. The great principles, in short, of *free labour, and free disposal of its produce*, would seem amply sufficient to secure an equitable distribution of property among the several classes who contribute to its creation.

And this we believe to be an unquestionable truth. Under institutions securing freedom in the direction of labour, and in the enjoyment, disposal, and consequently *exchange* of its products in the home or foreign markets, the products of industry will divide themselves spontaneously in the most equitable manner among the several classes whose labour or property co-operates in any way in their production ; and the benefits they thence derive will so stimulate the exertions of the several classes of producers, as to cause a continued cumulative increase, not merely in the wealth of the society so organized, but also in the share of that wealth falling to the lot of any individual member. We believe that if, in some societies which have reached a highly artificial and complicated state, this, its natural and legitimate consequence, has not always followed every improvement in the division of labour and facilitation of exchanges,—it must necessarily be owing, and can in every case, by some little attention, be traced either to a want of foresight in the individuals composing the community, or of those who regulate its affairs; or to the interference of erroneous institutions

with these simple natural principles of production and distribution,—an interference adopted sometimes, perhaps, in ignorance of its mischievous effects to the community at large, but generally with more or less of a fraudulent intention to divert the produce of industry into other hands than those into which the just system of free labour and free exchange would distribute it. On such interferences, and the means whereby their ill effects can be most safely and speedily corrected, we shall have the opportunity of dwelling more at length hereafter.

But under a system of free exchange the recompense (wages) of every labourer will be by no means equal; nor even exactly proportioned to the severity or duration of his employment. It must be determined by the *value* of his produce in the market. And this will increase in proportion to the talent, skill, and application of the labourer, or any other circumstances which may render his labour more *productive* than that of another. A man whose natural powers of body or mind enable him to contribute more efficiently to the general work of production than another, may equitably expect, and will, under the system of free exchange, receive a larger share of the gross general produce. The same is true of one who by advantages of education or continued application, has acquired a superior degree of skill or knowledge in any of the arts of industry. And the increased reward thus obtained by increased productiveness is the motive and necessary stimulus to those efforts for rendering labour more productive, which have carried mankind forward from the savage to the civilized state, and can alone be depended upon for inciting him to yet further advances. Every attempt to equalize the wages of different employments or individuals by compulsory arrangements must have

the certain effect of damping the ardour of industry, discouraging improvement, and checking the march of production.

The powers of an individual to produce, or co-operate in the production of wealth, may be called his *ability*. The lowest degree of ability consists of the rude, unskilled, untutored, muscular powers of the human frame. The great body of labourers in all countries are possessed of little more than this inferior ability. But the recompense (wages) of this lowest class of labourers varies, notwithstanding, very much in different countries. In a savage state of society, for example, mere human strength can do but little, for want of tools with which to work, and instructions how to employ them. By practice, and the exercise of his native ingenuity in contriving expedients and fabricating instruments, a clever savage may increase the productiveness, and consequently the reward, of his labour, far beyond that of his companions; but even under the most favourable circumstances, his exertions will not be near so productive as those of the most stupid clown in a civilized country, armed with the instruments which the accumulated ingenuity of ages has contrived, and applying them, however ignorantly, after those methods which the stored wisdom of others has proved to be most efficient. On this account the inferior degrees of ability will obtain far higher wages in a highly advanced, than in the earlier stages of society. The produce of the daily labour of an English ploughman, shepherd, or common mechanic using the most improved tools and methods, is at present probably three times as much as that of the similar classes of labourers in the time of Elizabeth, and six times as much as at the period of the Conquest. If their wages, or the amount of the necessaries and

conveniences of life which they obtain in return for their labour, have not increased quite in the same proportion, this arises perhaps from the faulty direction given to the distribution of the produce of labour by the artificial circumstances to which we have already alluded, and which we shall hereafter explain. Even now the productiveness of an English day labourer is perhaps twice as great as that of a Frenchman, four times that of a Russian, and six or eight times that of a Hindoo, and his wages are larger in proportion.*

The reward of the industry of the higher classes of labourers will in the same manner rise with its productiveness. An artisan of superior natural abilities, who has had the advantage of the instructions of a master in some peculiar business, and has applied himself assiduously to acquire the manual dexterity and the practical arts of his trade, has gained a degree of ability which, as contributing much more largely than that of an inferior workman to the marketable means of enjoyment, is enabled to command in the market a proportionately larger share of the general stock. The wages, or *market value*, of personal ability of any kind, will depend partly on the degree of study or application and the expenditure of time required on the average to produce it. But it is, moreover, influenced in a great degree by *monopoly, i.e.*, the more or less exclusive possession of ability of any description, whether consisting in secret processes, the *craft* and *mystery* of particular trades, or of peculiar qualifications, natural, or acquired under more or less extraordinary combinations of circumstances. It is the *rarity* of particular kinds of talent that confers the greater part of their value upon them. The average wages of fiddlers is perhaps, taking into consideration

* See Mr. Brassey's Life, by Sir A. Helps, 1872.

the time spent in acquiring the art, little more than that of carpenters; but when the combination of rare genius with equally rare assiduity creates a Paganini, he is able to command almost any price in return for his exertions. There occurs but one Turner in a century, and this it is which enables such an artist to put a value on his productions, perhaps a hundred times what an ordinary dauber is happy to get for the same quantity of paint, canvas, time, and trouble.

But the possessor of superior ability, in any line of industry, is not only enabled to put a monopoly value on the produce of his labour directly exerted, he has it likewise in his power to communicate to others, by instruction, his own superior qualifications; and whilst he requires, of course, payment from them in exchange for these instructions, he puts it in their power to obtain in turn a proportionately high recompense for their industry in consideration of its comparative rarity. The value of such instructions is sometimes heightened by the communication of secret processes, which give to their possessor a decided advantage over his competitors in the same line of art. In general, however, it consists in the communication of a variety of delicate and difficult manipulations; such as can only be learnt by actual exhibition and repeated experiment under the eye and tuition of an experienced master.*

* A remarkable instance in proof of the necessity of personal instruction in some of the useful arts was related by Mr. Ostler, a manufacturer of glass beads and other toys, to the Committee of the House of Commons on artizans and machinery; and is quoted in Mr. Babbage's valuable work on the Economy of Manufactures. Mr. Ostler, it seems, had received some years since, an order for upwards of five hundred pounds' worth of *doll's eyes*. But notwithstanding his having some of the most ingenious glass toy-makers in the kingdom in his service, he could not succeed in making the article, and was obliged to renounce the order. "About eight months ago," he continues, "I accidentally met with a poor fellow

The high premiums of apprenticeship taken by those who are engaged in the superior departments of the useful and ornamental arts, arise chiefly from this source; and the proportionately high wages that are earned by journeymen or masters in these several callings follow necessarily from the expensive course of instruction they have undergone, the assiduity with which they have endeavoured to perfect themselves in their art, and the more or less rare excellence to which by these means, aided perhaps by superior natural abilities, they have attained in its practice.

In this way the skill or acquired ability of one man is handed down from father to son, or from master to pupil, through successive stages, accumulating as it passes on by the added improvements of its various possessors. But as every pupil or apprentice is enabled to instruct a considerable number of others, there is a constant tendency in every improved process or secret to spread through a wider circle. There are, moreover, many processes of art which can be communicated by written directions, without personal exhibition; and these, sooner or later, get wind and become dissemi-

who had impoverished himself by drinking, and who was dying in a consumption, in a state of great want. I showed him ten sovereigns; and he said he would instruct me in the process. He was in such a state that he could not bear the effluvia of his own lamp; but though I was very conversant with the manual part of the business, and it related to things I was daily in the habit of seeing, I felt I could do nothing from his description. (I mention this to show how difficult it is to convey by description the mode of working.) He took me into his garret, where the poor fellow had economised to such a degree, that he actually used the entrails and fat of poultry from Leadenhall market, to save oil (the price of the article having been latterly so much reduced by competition at home). In an instant, before I had seen him make three, I felt competent to make a gross; and the difference between his mode and that of my own workmen was so trifling, that I felt the utmost astonishment."

nated very extensively wherever the blessing of a press, more especially a *free* press, exists. Once committed to printing, a receipt or peculiar process travels in all directions, not only through the country where it was invented, but many others likewise, and is handed down, with little or no chance of loss, to distant ages and generations. It is to the splendid inventions of letters and printing that we owe the rapidity with which the process of mutual instruction in the productive arts is now daily increasing the wealth of modern societies. Without their aid, example and precept might hand down some improvements in *human ability;* but they would be subject to frequent loss and destruction; and the intercourse of minds must, under such circumstances, be slow, torpid, and unfruitful of those inventions which are now rapidly augmenting the efficiency of skill and industry, and multiplying the aggregate of production, in countries blest with just and free institutions, where every valuable piece of information is allowed to circulate with unlimited freedom.

These are the things that constitute "useful knowledge." The vast superiority in the productiveness of a Watt, an Arkwright, or a Wedgewood, over that of a clever savage, is almost entirely owing to the influence of accumulated ability of this nature stored up in *books*, and operating in the development of intellectual powers, which would otherwise have remained dormant and useless towards either the enrichment of the individual, or, as in the case of the three great men we have named, the lasting benefit of the whole human race. Such wonderful inventions, when thus proclaimed to the world, become public property, a gratuitous addition of vast amount to the *ability* of all present and future labourers in the peculiar arts to which they are applicable.

It may, it is true, be long before the Calmucs or Chinese avail themselves of the increased power such inventions put at their disposal, but in the mean time even these distant nations profit from them through the greater cheapness of the commodities with which they are supplied, by the growing ability of Europeans. And we, too, in the mean time are improving even upon these inventions far more rapidly than other nations can adopt them; so that the superiority we have once obtained over them is continually increasing rather than diminishing. When we come to trace the principle and effects of foreign commerce, we shall be able to show how futile are the fears entertained by some, of our being shortly left behind in the race of industry by other nations, or losing the pre-eminence this country has acquired in productiveness over every other on the face of the globe.

We have hitherto spoken of wages (real wages) in the sense of the quantity of the necessaries and conveniences which the labourer can command in the market in exchange for his services. Such appears to be the most correct meaning of the expression. But in common language, wages is generally understood as referring to the sum in money (money-wages) which the labourer obtains. These two meanings are, of course, very distinct. The money-wages of a labourer may rise, whilst the quantity of necessaries and comforts he can obtain in exchange for them, and upon which alone his condition in fact depends, is decreasing. This was notoriously the case in Britain in the early part of the present century, when owing to a succession of bad harvests, the money-price of necessaries reached an exorbitant elevation; and though the money-wages of nearly every class of labourers rose likewise, their purchasing power was greatly lessened; so much so,

indeed, that the inadequacy of the current wages of agricultural labour to maintain a family was the cause of their being then, for the first time, *supplemented* out of the parish rate in the southern counties of England,—a baneful practice, for the adoption of which, if there were any excuse as a measure of temporary expediency at that moment, there can be none for its continuance in the present day, when experience has so fatally proved its mischievous effects on the morals, habits, and circumstances of our peasantry—when it has been universally recognized as equally unjustifiable in principle and in law.*

Enough has been said to show that in a country which has already made a great progress in the arts of production, and is still daily improving upon them, the remuneration for labour, even of the lowest kind, *ought* to be considerable, as compared with earlier periods, and ought, likewise, always to be on the increase; never, unless locally and temporarily, to fall off in its amount.

If, therefore, in such a country, the wages of the mass of labourers are at any time not sufficient to command for them a competence of the necessaries and comforts of life,—if wages are found during periods of considerable duration, through extensive districts, and in a variety of occupations, to decrease in amount instead of advancing, we may rest assured that such a state of things *can* only be the result of mismanagement—usually of a faulty arrangement of the institutions which determine the distribution of the produce of industry. And the study of the naturally just and equitable principles on which such institutions ought to be modelled—and when proved to be in fault, ought to

* It has been happily put an end to by the Poor Law Amendment Act of 1834. The above was written in the year 1832.

be corrected—becomes one of the most important and interesting subjects of inquiry to which the attention of any reasonable friend to humanity can be addressed.

Before, however, we can prosecute our researches into the nature of such errors and the mode of correcting them, we must first examine the other elements which co-operate with labour in the great business of production; and the owners of which have, of course, an equal right with the labourers to share in the joint produce.

These are, as we have seen, *Land* and *Capital*.

CHAPTER VI.

LAND.

Its appropriation essential to Production—History and causes of its appropriation in different ages and countries—In the East by the Sovereign—In Europe by the Aristocracy—In America by the People—Influence of these different systems on Production and National Welfare—Natural Laws of Property in.

POLITICAL Economists, we have said, following the example of lawyers, comprehend under the term *land*, when speaking of it as the sole original source of wealth, all the natural powers of the surface of the globe which can be made available for the use of man, including, together with its soils, mines, quarries, and waters, the animals and vegetables found thereon in a wild state.

These gifts of Nature, our common mother, are poured forth in all but infinite profusion upon the face of the teeming earth, for the common use of mankind. But in order to avail himself of them for his various purposes, man must, as has been shown, appropriate

them by his labour; and, having done so, he acquires an equitable title to their possession founded on the labour he has expended in their appropriation. If fruit grew spontaneously on herb or tree, in sufficient abundance to supply the wants of all, the labour of gathering it would be all that were necessary to give an individual an equitable property in fruit. With the fish of the sea, and many of the fowls of the air, and some wild animals, this rule indeed holds good in law at the present day, even in countries where society has in many respects attained a most artificial and complicated condition.* But of the fruits of the earth, and the animals most fitted for food, there is no such spontaneous abundance; and in order to ensure the production of a sufficiency of these for the wants of man, it is necessary that much pains should be taken by some one,—that the soil be inclosed with fences to prevent the ravages of wandering animals, broken up by tillage, planted and sown with the fitting vegetables, and the growing crops protected, as well as gathered. Now no one, it is plain, would take the trouble to inclose and cultivate a piece of ground, and plant or sow it several months, perhaps years, before the crop can be fit to gather,—unless he were secured (so far at least as human confidence can be secured) in the exclusive privilege of gathering and appropriating the fruits of his labour when ready for use. And the same may be said of the land employed for breeding, rearing, and fattening domestic animals. For this simple reason, it becomes absolutely necessary in order

* Our law maxims with regard to fish, game, and such things as are "*feræ naturæ*," assert that they are "*nullius in bonis*," or no man's goods; and that of them "*Capiat qui capere possit*," catch who catch can. A qualified property is still to be acquired in these and some other things "*per industriam.*" See *Blackstone*, ii. 391.

to admit of the production of artificial crops or stocks of cattle, to secure in the strongest possible manner a *property* in *land* to him who incloses and cultivates it, or in any way renders it productive. And this necessity has been perceived and acted on throughout all the known and cultivated regions of the globe, though under a great variety of modifications in the customs and laws by which the tenure or occupation of the land is regulated.* Some of these modifications afford more, some less, encouragement than others to production. That system is evidently to be preferred which affords the most.

It has, indeed, seldom been sufficiently remarked by those who have studied the nature and causes of national wealth, in what a pre-eminent degree the social and economical condition of a people is influenced by the laws and customs that prevail among them respecting the occupation and ownership of land. There is no exaggeration in the assertion that, by these circumstances *almost alone*, the position of a nation in the scale of civilization is practically determined. Nor will any one be inclined to doubt this, when he adverts to the simple consideration that it is *from the land*, and *the land alone*, that nations derive as well the whole of the *food* on which they are supported, as the raw materials out of which by their industry and

* The exclusive property in wells appears from Scripture to have been established in the first digger or occupant, even in places where the ground and herbage remained yet in common. See *Blackstone*, ii. c. i. p. 5; who also states, "It is agreed upon all hands that *occupancy* gave the original right to the permanent property in the substance of the earth, which excludes every one else but the owner from the use of it." Occupancy by use, that is, full and complete utilization (if the word is allowable), must be intended; though Blackstone does not clearly express this. It is not probable that any individual would have been allowed to appropriate more land than he could occupy in this sense. *Id.* p. 5.

ingenuity they elaborate all the other necessaries, comforts, and luxuries of life; so that it must entirely depend upon the more or less easy and equitable terms on which the cultivation of the soil by those who possess the means, is permitted or encouraged by those who own it, whether the production of every kind of wealth be restrained within the narrowest limits, or developed to the utmost extent of which human industry is capable under the most favourable circumstances.

The terms on which the cultivators of the soil are admitted to its occupation vary materially in different parts of the globe; and a review of these different customs and of their effects during a series of ages, as unfolded both in history and from recent observation, exhibiting their respective merits and defects, and the influence they severally exercise over the moral, economical, and political condition of the countries in which they prevail, would in itself be a work of great interest. The space that can here be afforded to this branch of our subject, perhaps the most important division of the whole field of inquiry which is subjected to the social economist, is less than it deserves, but we will endeavour to compress all the prominent points into a manageable compass.

The natural and equitable title to property in land which arises from its appropriation "per industriam," by the labour necessary to render it productive, must always have required the sanction and support of the law,—that is to say, of whatever supreme authority was set up in a state for the purpose of securing the common welfare by restraining individual rapacity. But power, once established, seldom contents itself with promoting the legitimate objects of its appointment. "*Quis custodiet ipsos custodes?*" Those who were entrusted with the regulation of the terms on which the land of a country

with all its natural productions might be appropriated, have very naturally availed themselves of this authority, when they could, to appropriate as much as possible of it, or of its produce, to themselves.

The origin of the peculiar political institutions of most nations is buried in considerable obscurity. It has even been disputed which of the two great principles of government is the most ancient and natural, the *despotic*,—under which one claims a right to supreme power over the many,—or the *free*, under which the many claim the right to be governed only by officers of their own choice. But it is so perfectly obvious that one individual can never have acquired power over a numerous society except with the consent of the majority,—or, at least, of an overwhelming body of supporters,—that the question of priority does not appear to admit of a doubt. It is, however, of little moment. Referring to fact, we find that the earliest authentic accounts we possess of human societies generally agree in describing their infant condition as one of great simplicity, very similar to that of most savage tribes at the present day, in which, while the *rights* of each individual, at least of each full grown male, are considered equal, a power is lodged, by common consent, in some officer or body of officers, to make and enforce the laws necessary for the general welfare. Among hunting tribes, the personal activity requisite for the support of each individual, and the state of constant warfare in which they necessarily lived,—through the unavoidable conflict of neighbouring tribes for their hunting-grounds as game became scarce, and even occasionally of individuals for their prey—must have rendered every male a warrior, and might enable him, if he chose, to claim and exercise an equal share of power. Yet, if we are to judge by the analogy of modern instances, the authority of chiefs and elder warriors—an

authority obtained partly by superior strength and activity, partly by superior sagacity and experience—would, even in such a state of society, be generally recognized. But as men settled down into pastoral and agricultural occupations, and the division of labour commenced, the duty of protecting the society from external aggression would naturally be confided to a class selected for this purpose; and, in like manner, the business of making and executing the laws necessary for the common good would be entrusted to another body of functionaries. The most experienced elders would be probably chosen for the latter purpose; the most vigorous, active, and energetic in middle life, for the former. Now *subordination* and *obedience* are the essentials of military success. To be effective, therefore, every army must have had its leaders. Unfortunately, the command of an army too often confers a power not only of repelling foreign aggression, but of securing domestic domination. A successful general, whom his soldiers, trained to military duty, have been long accustomed implicitly and unhesitatingly to obey, is enabled, if he chooses, to put down all other authority, and establish his will as sole law throughout the country of which he was chosen, and still, perhaps, affects to consider himself, the protector. Such an usurpation is as easy as it is probable, under the circumstances of strong temptation in which military leaders are often placed. And these tricks have, in fact, full often "been played before high heaven;"—so often, as almost to justify the ostracising jealousy of the classical republics. History proves that all absolute governments, of which the origin is recorded, commenced in some circumstance of this character, which may be considered as the natural genesis of despotism.

Wherever despotic power exists, whether the result of

domestic treachery or foreign invasion, there property, as well in land as of all other kind,—and even life itself—is, of course, held only at the will of the ruler. And, accordingly, we find in countries which appear to have been subjected to this form of government, that the exclusive proprietorship of the land, as the primary source of all wealth, has been claimed by the sovereign.

In some parts of the world this claim has been practically exercised up to the present day,—in others but nominally; the usufruct of the soil having been transferred by grant of the sovereign to inferior holders, and his claim continued, if at all, only in some mere formality, itself often obsolete and disregarded. Throughout all Asia, from China to Turkey (excepting only the Russian provinces), the revenue of the ruler is still, and always has been, raised from the cultivators of the soil by a sort of land tax, consisting of a proportion of the produce, which varies, as may naturally be imagined, with the tyranny or mildness of the reigning sovereign, and the greater or less powers of exaction with which the intermediate collectors are armed. The cultivator is by some persons considered to be, throughout this large portion of the globe, the *legal owner* of his plot of land. And indeed he has some of the supposed characteristics of ownership, since he is empowered, in general, to mortgage, sell, or alienate it, and that it descends at his decease, if not otherwise disposed of, in equal portions to his heirs. There is, however, an almost infinite variety in the local customs which determine this tenure; every petty province having some minute peculiarity. And it is even yet a matter of dispute among writers who have deeply studied the institutions of our Indian empire, which of the three parties who have everywhere a joint interest in the land, the peasant-cultivator (or *ryot*), the tax-collector (or *zemindar*), and the sovereign,

is its real legitimate proprietor. In practice, each has a lien upon its produce, and to that extent each may be reckoned its owner. The tax-collector, like the *ryot*, has, like an English landlord, an hereditary and transferable interest in his post, which brings him a revenue in a per centage of the sum he collects from the ryots for the sovereign.

The question would perhaps have offered fewer difficulties had due attention been paid to the simple principles on which land is originally appropriated from a state of waste, by the industry of the labourer, and *subsequently* when it has become, through his agency, a valuable possession, seized on as their property by any party sufficiently powerful to support such a claim. The ancient institutions of the Hindoos, which have scarcely varied during four thousand years, strongly illustrate and confirm what we have already urged on this point. The Institutes of Menu, a work of immense antiquity, expressly declare that "cultivated land is the property of him who cut away the wood, or who cleared and tilled it." And indeed if this rule did not follow from the most obvious principles of natural justice, its policy, as encouraging the improvement and cultivation of waste land in a new and little occupied country, would lead to its enactment even under the most unnatural and barbarous tyranny.* But every society must have a government of some sort for its protection from domestic anarchy and external attack; and a government necessitates a general contribution or taxation for its support,

* In Persia, where, from the peculiar nature of the soil, a very expensive system of artificial irrigation by means of wells is absolutely necessary for the production of crops, the ancient and inalterable law confers on the person who so digs such wells the perpetual ownership of the land fertilized by him (with the sole reservation of the quit-rent or tax of one-fifth of the produce to the Shah); and so necessary is the inviolability of this rule felt to be, for securing a due

which, in an early and agricultural state, can only be raised off the land. Hence a certain proportion of the produce of the soil has been almost everywhere required for this purpose from its cultivators. In ancient Egypt, one-fifth of the crops was so taken. Among the Jews, a tenth; and in the Grecian likewise and Roman states a similar proportion was the contribution generally required for the use of the state. In Persia, a fifth; in Hindostan, from one-eighth to one seventeenth appears to have been levied in the earliest ages. In the Institutes of Menu the sovereign is expressly permitted to double this tax, raising it to one-fourth, *during war*. Such was the tax paid to Porus when Alexander invaded him.

Whether this latter regulation acted among sovereigns as a premium on war, or not, it is but too notorious that the Eastern world has very rarely enjoyed the blessings of peace. And in the convulsed and desolating state which almost perpetual warfare induces, amid alternating invasions, revolts, conspiracies, and conquests, it may be easily imagined how, through all these phases, the poor cultivator, whom, after all, the rival factions were but contending for the power of plundering, was ground to the earth by continued exactions, and could profit little by the barren honour, even if it were conceded to him, of a nominal ownership in the soil. Its produce, when cultivated by his toil, was sure to be claimed by some party or other,—the temporary sovereign, or his subordinate chieftains. The ryot might esteem himself fortunate who was allowed to preserve his life and a bare

supply of food in the country, that throughout the scenes of anarchy, rapine, and licentiousness of which Persia has been so often the theatre, property of this character has been invariably respected. In the same manner, as we find from the Holy Scriptures, in the very earliest ages a well in the desert was held to be the property of him who dug it, and of his descendants for ever.

sufficiency for its maintenance, as the requital of his toil. The question, therefore, as to whether the Asiatic ryot, the zemindar, or the sovereign, is the legal owner of the soil, seems to us susceptible of a very simple solution. Throughout the East, the *will* of the sovereign has always been law—so that to hold land by that will was to hold it by law. It is only when law acquires a power above that of the sovereign that private property in its true sense can be said to exist. We must not ask then, with regard to Asia, what is the law, but what is the custom and the fact; and the answer is, that the necessity of affording to the peasant-cultivator some guarantee for his continued occupation of the soil he ploughs and sows, in order to induce him to plough and sow it, has compelled the Asiatic despots to allow him a partial and limited proprietorship; that is to say, they have permitted him and his descendants to occupy and cultivate his spot of ground on condition of paying whatever proportion of its produce the sovereign chooses directly, or through his officers, to exact. And he has seldom, or never, been content to take less than could by threat, torture, or violence, be squeezed from the miserable cultivator, leaving him a most inadequate subsistence. The cultivator is, then, in law, custom, and fact, the slave of his sovereign,* and his property is wholly at the command of the latter. If, therefore, as seems presumable, the *owner* of land can only be defined as one who has the right of profiting by whatever circumstances may improve the value of his land; the ryot has been always considered, *in theory*, the landowner,—never *in practice*. He was continually promised this right by sovereigns or their collectors, who wished to

* He is punishable with stripes if he neglect to cultivate duly his land—his pretended property. He is, therefore, not even master of his own limbs and actions, but essentially a *slave*.

tempt him to improve his land; but who, so soon as it was improved, raised their demands on him in proportion, so as to leave him none of the benefit.

The Asiatic system is evidently a compromise between the usurped and unlimited power of the despot, and the ancient and natural privilege of private property as the result of appropriation by private labour;—a concession extorted from the chief by the necessity of persuading his people to exercise their industry, lest he should prove, like Sultan Mahmoud, in the "Arabian Nights," a ruler only over owls and ruins, barren plains and dead carcasses.

Even under our comparatively mild and peaceful sway it is to be feared that the peasant-cultivators of our Eastern empire have suffered severely from the weight of direct taxation imposed upon them, and the exactions of the intermediate parties who are intrusted with the collection of the revenue from the poor ryot.*

There is nothing necessarily mischievous in the *theory* of the Eastern forms of land occupation. On the contrary, it approximates to that which we consider the most natural, equitable, and beneficial arrangement,—namely, the securing a permanent property in the land to him who renders it productive, and to his heirs, subject only to a payment to the state proportioned to the value of the produce, for the purpose of defraying the expenses necessary for the protection of this and other property. The misery suffered by the land-cultivators of Asia and the wretched state of their agriculture are a consequence not of the original rule of the country, but of its continual infraction. It is their exposure to the desolating violence of almost perpetual warfare, the insatiate tyranny of despotic power, and

* There is no need to dwell further on the subject of our Indian land law. The student may refer to the recent work of Mr. Maine.

the extortionate rapacity of its minions, that have dried up the naturally abundant sources of production throughout Asia, repressed industry, and prevented the acquisition of skill or capital by its miserable and degraded cultivators. Had there existed in India any defined legal rights—any power beyond the mere arbitrary caprice of an individual, by which the demands of the state upon the cultivators could have been so far restrained as to leave the latter the power of bettering their condition by their industry—the vast quantity of waste but exuberantly fertile land in that country, and the luxuriance of its climate, would have admitted of an increase of production which must have raised the prosperity of the natives and the resources of the government to an almost incalculable extent. The regulations which, with the most humane intentions, have been lately enforced for securing to the ryots the legal ownership of their land, and permanently fixing the proportion of their contribution to the state, are likely in no long time to change the entire face of the country, and benefit all parties in an extraordinary degree.*

The remarks we have been led to make at some length on the systems of land occupation in the East will enable us to understand the more easily the origin and real character of those which prevail in Europe and the western states of the civilized globe. Through all their vicissitudes of peace and warfare, the institutions of the Orientals have experienced little change; remaining, like their manners and customs, almost identically the same in the present day as we know them to

* Professor Jones's work "On the Distribution of Wealth" contains in its Appendix some valuable information from Col. Tod's Rajast'han and other sources, upon the interesting topic of the land-tenure of our Indian possessions.

have been, from authentic records, twenty centuries at least before Christ. Not so those of the nations of Europe. The latter, whether from an inherent difference in their organization, or from fortuitous circumstances, have passed through a process of more or less gradual change in their habits, social arrangements, and national character;—a change which, though fluctuating occasionally from good to ill, may, we hope, be characterized generally as a progressive amelioration, and may be looked upon as opening to the speculative philanthropist the cheering prospect of a further indefinite, but continual, improvement in the general condition of mankind, at large, over whose history Europe, the heart of civilization, seems destined to exercise so mighty an influence.

In Europe, as in Asia, when a military chief had, by usurpation, conquest, or consent, acquired absolute power, the entire soil of the country, as well as the lives of its inhabitants, would, we might suppose, be considered his property, to be dealt with at his will and pleasure. This, however, does not appear to have been the case; and we have, therefore, to account for the circumstance that while in Asia absolute despotism has flourished everywhere down to the present day, and the sovereign can still command the entire produce of the land and labour of the community, in Europe, on the contrary, the power of a conqueror or chieftain has always been more or less limited, and his claim to the exclusive property of the soil restricted to a mere nominal title.

The solution of the problem is to be sought in the same circumstance which has tempered the power of the sovereign in other respects as well as in his claim to the ownership of the land,—namely, the continual existence of an hereditary *aristocracy*, or intermediate class

of powerful individuals between the throne and the mass of the people. Such a class has never shown itself in Asia. There the officers of state, nobles, and inferior authorities, derived their power, wealth, and importance, from the sovereign alone, who made and unmade them at his pleasure, and never permitted them to acquire sufficient strength and consistency to claim any privileges from a source independent of his will. It is an interesting question, what occasioned the existence of such a class in Europe and their absence in Asia? There must have been some general predisposing cause, or so broad and universal a distinction could scarcely have grown up and permanently rooted itself throughout two extensive continents.

It appears to me that the origin of this important distinction is to be looked for in the peculiar occupations of the primitive settlers who were the ancestors of the people of the north of Europe. The Scythian hordes, whose overflowing increase seems to have been continually drafted off in a westerly direction, were originally *pastoral* tribes, led to adopt that mode of life by the peculiar character of the elevated, open and wide-spreading grass-plains they occupied in Tartary, Persia, Arabia, and the Russias, European and Asiatic. The inhabitants of southern and eastern Asia were, from the same cause, viz. the superficial nature of their territory, which consisted of deep and rich alluvial soils, devoted to agriculture. Now, in an agricultural territory, as we have already observed, a successful invader or usurper has no difficulty in establishing and securing the power of a despotic sovereign, and enforcing a claim of absolute right over the land, persons, and property of all his subjects. Such a ruler, as has also been noticed, would naturally find his advantage in permitting the agricultural population to continue their cultivation of

the soil in any way they chose, and to extend it to any hitherto untilled spot they pleased, on condition of their paying him whatever portion of their crops he might choose to demand; which portion would, of course, usually be all that could be wrung from them without absolutely forcing them to discontinue their labours. Hence the ryot system of India.

But pastoral and nomad tribes, on the contrary, are with difficulty reduced to such prostrate subjection. Their wandering habits naturally imbue them with a love of freedom, and a spirit and vigour with which to assert their independence. And they possess, moreover, an easy resource, in the power of escape by migration from any attempt to enslave them. Whether such attempts occasioned the migrations of the successive swarms which, first passing from Asia into the north of Europe, afterwards deluged the entire surface of the latter continent,—or that they were owing, as is more probable, to the multiplication of numbers and the want of room, to which pastoral nations are so soon exposed,—it is certain, from all the accounts remaining to us of these tribes, that they enjoyed a degree of freedom scarcely compatible with the subordination necessary for the maintenance of the social union in a settled agricultural state. What difference of rank or property subsisted among them was of that nature only which still prevails among nomad tribes, each of which recognizes a chief, with perhaps a few subordinate officers; and in which an inferior class of slaves are sometimes found, consisting of captives taken in war;—the remaining freemen being their own masters, and on a perfect footing of equality, after arriving at a mature age. Such were the German tribes in the time of Tacitus; the chase and pasturage their chief sources of subsistence; without cities or even contiguous dwel-

lings; occupying the land in common; obeying chiefs elected out of particular families; and having some few subordinate distinctions of military rank. Such too were the barbarians who, three centuries after the Christian era, overran the entire Roman Empire, and settled themselves as conquerors in every corner of western Europe. They are described by contemporary writers as great bodies of armed men, with their wives, children, *slaves*, and *flocks*, migrating in quest of new settlements, which they wrested by their barbarian vigour from the effeminate and degenerate Romans. The lands they had conquered were probably divided equally among the free warriors, the chief retaining the largest share, and were cultivated principally by their slaves. But, as they in turn adopted some of the habits of the people they had dispossessed, fixed themselves in particular spots, began to occupy themselves in agriculture, and to build permanent habitations, they became more exposed to the domination of their military chieftains. During the turbulent middle ages these several clans were incessantly engaged in mutual warfare under their respective leaders; and the authority which, in a state so circumstanced, the chief necessarily exercised over his body of military companions, was recompensed by a division among them of the lands he, with their aid, wrested from their neighbours. There existed at that time little wealth of a portable nature, and the reward, therefore, of military service could only be a share of the land which the chieftain's conquests enabled him to command. These lands, cultivated by the slaves taken in war, could easily be made a source of wealth. And such grants, when they escaped the grasp of a still stronger tyrant or invader, were allowed to become hereditary, *on condition* of the continuance of the same military services in consideration of which

they were originally bestowed. In this manner grew up a distinction between *allodial* lands, or those which belonged to freemen (the descendants, probably, of the original free invaders among whom the land was partitioned upon their first migratory settlement on it), and the lands held in *fee*, or by *feudal* tenure, of a military chief, on condition of military service.

The several chiefs, in their turn, recognized a supreme lord or suzerain, under whom they marshalled themselves in expeditions of importance, and from whom they likewise held feudal fiefs granted as a reward for their past, and a gage for their future services, on the same terms as those they divided among their own particular supporters, or *vassals*.

The power of the sovereign, through this graduated chain of dependence, never became absolute in Europe as in Asia. His principal vassals were always more or less independent of him. Each had his own clan, or body of vassals, who looked up to him as their only head, and were ready to obey his orders at any time, whether to act for, or against, his suzerain. And a league of these chieftains could often overawe, and occasionally succeeded in dethroning, their sovereign. The entire history of Europe, in fact, is but the narrative of continued struggles between sovereigns and some of their vassal nobles; in which now one, now another party obtained the mastery. Under the immediate successors of Clovis, the Frank conqueror of Gaul, the royal authority was uppermost. But the nobles soon contrived to regain the power which their negligence alone had allowed the sovereign to usurp, and which that of the contemptible kings of the line of Clovis enabled them easily to resume. The chief vassals of the crown succeeded in obtaining a full recognition of their hereditary right to their patrimonial

possessions, to which the royal investiture gave more of ornament than sanction. "From the death of Charlemagne the kingdom of France was a bundle of fiefs, and the king little more than one of a number of feudal nobles, differing rather in dignity than in power from the rest."*

The independence of the German aristocracy reached its height towards the middle of the thirteenth century. Since that period the sovereigns found it necessary to strengthen themselves against their nobles by calling in the aid of their *people*, and particularly of the commercial and manufacturing towns, which, with this view, they fostered by immunities, privileges, and protection from the extortions of the neighbouring counts and barons. From these elements sprang the political condition of the European states; which, unquestionably, owe what freedom they enjoy to the necessity which drove the sovereign to conciliate the mass of the people, as a counterpoise to a powerful aristocracy.

The land, meantime, at these early periods, was cultivated almost wholly by slaves, who were bred and treated in all respects like cattle. Their numbers were also recruited by the prisoners taken in war, and to a certain extent, in the most turbulent times, by freemen, who were actually driven to enrol themselves among the slaves of powerful chieftains in order to preserve their lives; a petty freeman being a common prey to all parties, whereas the slaves of one chief were of course protected by him from all others. There were some distinctions among slaves—not, however, of much importance. Some were certainly saleable like cattle, and might be severed from the land; others were, by custom, or perhaps in virtue of the original bargain under which they or their ancestors had submitted themselves as

* Hallam, i. p. 244.

slaves to the chief, attached to the soil, (*adscripti glebæ*,) and could only be alienated with it. They derived their subsistence by cultivating for their own use small tracts of land allotted to them by the lord for this purpose (a cheap contrivance for making them maintain themselves); and for the remainder of their time they laboured on the *demesne* land, or portion reserved for the lord's own use, the produce of which formed his revenue. Even the kings of France and Lombardy supplied the expenses of their rude courts from their demesne lands. Charlemagne himself was a farmer, and regulated the economy of his farms with the minuteness of a steward.*

Nearly the whole of Europe was at one time cultivated in this manner by slaves, or, as they are generally called, *serfs*. But the labouring classes of the western states have by slow degrees contrived to emancipate themselves from personal bondage, and obtain the invaluable natural right of either working on their own account, or disposing of their services to the highest bidder. Among the northern and eastern nations serfship still prevails; in some, as Russia for example, in its unmitigated form; the owner having almost unlimited power over the persons of his serfs; beating, mutilating, and even putting them to death at his will.

The mode in which the lord in these countries obtains a revenue from his estate is still by employing his serfs to cultivate and manage his demesne lands under a superintendent; each serf having permission, in return for his labour, to maintain himself and his family, by tilling certain portions of land allotted to him for the purpose. Usage has by degrees established for the serfs something like *rights*, which the humane genius of modern law has learnt to respect. Their holdings

* Hallam, chap. ii. part ii.

are considered hereditary; and in many districts the amount of labour which the serf is required to perform for the lord is fixed. Attempts have likewise been made of late years to substitute a better form of land-occupation than serfship under any modifications can ever be; and, by affording the peasant a hope of improving his condition by his own exertions, to stimulate his torpid industry.

[Since this was written a great and beneficial reform in this matter has taken place in Russia. Already, under the beneficent rule of the mild and humane Alexander I., the serfs on all the crown lands, amounting to more than a fourth of the whole number of the peasantry of the Empire, had been manumitted. And in 1864 the same boon was, by imperial ukase, extended to the remaining serfs on all the estates of the nobility by the equally benevolent Alexander II. The experiment is too recent to have yet produced the full fruits; but there can be no doubt that the result will be a vast increase of happiness and wealth to the bulk of the vast population of the Russian Empire. Two such noble examples almost support the theory of those who look upon a benevolent despotism as the best form of government.]

The progress of the change from serfship to free tenancy, as it took place by slow degrees in the west of Europe, may be illustrated from the example of England. During the Saxon era, predial slavery was universal. Even at the end of the thirteenth century, two hundred years after the occupation of the country by the Normans, a very large proportion of the body of cultivators was still precisely in the condition of the Russian serf. During the next three hundred years, the unlimited amount of labour exacted from the *villeins* (as they were then called), in return for the

lands allotted to them, was gradually commuted for definite services, and they acquired a legal right to the hereditary occupation of what were termed their *copy-holds*. Two hundred years have scarcely elapsed since the change to this extent became quite universal, or since the personal bondage of the villeins ceased to exist among us. The last claim of villeinage recorded in our courts was in the fifteenth of James I., 1618. Rare instances, perhaps, existed some time after this. In the mean time the stipulated services silently and imperceptibly ceased to be exacted, or were commuted for annual *money-payments*. Similar changes have been for the last century taking place throughout Germany. They are as yet not perfected, and in some large districts exhibit themselves in very backward stages.

The disadvantages of a system of serfship or villeinage are obvious, and are attested by the low state of civilization, the poverty, and imperfect cultivation of the countries in which it prevails. The labour compulsorily exacted from tenants on the grounds or on behoof of their landlords, is sure to be performed in a very slovenly manner. Men do not exert themselves with spirit or effect unless they are working on their own account, and are allowed themselves to reap all the advantages of their superior industry. It has been proved that one Middlesex mower will cut as much grass in a day as three Russian serfs. And the necessary absence under such a system of all improved implements or processes of husbandry, augments the comparative inefficiency of serf-labour. Indolence and carelessness are the habitual characteristics of a peasantry in this condition; their want of skill, means, and energy, must have a disastrous influence on the annual produce of the land and labour of their territory, and tend to keep the country they inhabit in a state of

poverty and political feebleness, from which it will be impossible for it to emerge while so deleterious a system is suffered to prevail. These disadvantages are, in fact, very generally recognized by all the enlightened classes in serf countries, and have given rise to the numerous attempts now going on to substitute payments of produce, or money, in lieu of labour, as the *rent* of land, that is, the conditions upon which the owner allows the cultivator to occupy. The great end in view is, of course, to encourage the industry of the cultivator by placing him in a position to improve his own circumstances, as well as those of his landlord, by increased skill and exertion.

The system of serf-cultivation, though formerly common through a very large extent of Europe, was not universally practised. In some countries a different plan has been acted on from a very early period by the landowners, who have accepted from the cultivators of their estates *a share of the produce* as rent. The existence of such a state of things indicates a more advanced condition of society than that which accompanies the serf system. The serf, in fact, is a mere slave, compelled to till his master's land, and cheaply maintained by the permission to cultivate for himself a patch of soil barely enough to provide himself with subsistence. The *métayer* on the contrary is, in all respects, a voluntary tenant, who enters into a sort of joint-stock partnership with his landlord; the latter finding the land, and the seed, tools, and stock, necessary for its cultivation; the former the equally necessary labour. The produce is divided between them, generally in equal shares, from which division the name (métayer, *medietarius*) is derived. This form of holding is to be traced very clearly to Greece, whence it was introduced among the Romans, and has perpetuated

itself, in some degree, in most of the countries which were formerly provinces of that empire; though partly superseded by that of serfship and villeinage, which, as we have seen, grew up under the feudal system. In Italy, Savoy, France, and Spain, métayer tenancy is common, and has a very decided influence on the methods of cultivation, and all those important relations between the different orders of society which originate in the appropriation of the soil and the distribution of its produce. In France, before the Revolution, four-sevenths of the whole surface was occupied *en métairie*. Even now, in spite of the multiplication of small proprietors consequent on the Revolution, this class of tenants are supposed to cultivate one-third of France and the greater part of Italy and Spain.

Though the métayer has many apparent advantages over the serf, in his personal freedom, and the power he enjoys of cultivating his farm as he pleases, freed from the tyranny and irksome superintendence, of the proprietor, yet he is found, in practice, to be very little, if at all, more advantageously situated. It would seem, at first sight, that the reward of his toil, consisting in a definite share of the produce, would increase with his industry and skill, and therefore stimulate him to exertion. But the shortsighted covetousness of the proprietors has almost everywhere prevented this, by inducing them, when they could not by agreement directly increase their share, to do so indirectly, by throwing the government taxes on the tenant, and claiming for themselves an exemption from all imposts. By this and other similar contrivances, the share of the métayer has been generally so reduced as to leave him but a bare subsistence, and no hope of bettering his condition by any exertion of industry. The métayers of France are described by Turgot before the Revolution, and by other

writers of the present day, as existing in the depth of misery, always in arrear to their landlord, and consequently entirely at his mercy, from their utter inability even to live upon their half of the produce of their farms. This misery, of course, reacts injuriously upon their landlords' interests, by giving a careless, slovenly character to their mode of cultivation, and putting anything like energy or a spirit of improvement out of the question.

Again, the divided interest which exists in the produce is a bar to improvement. The tenant is unwilling to listen to the suggestions of his landlord; the landlord to intrust additional means to an ignorant, prejudiced, and careless tenant. When stock is to be advanced by one person and used by another, some waste and neglect in the receiving party, great jealousy and reluctance in the contributing party, naturally ensue. Hence the implements and stock placed at the disposal of the métayers are, in general, very scanty, and of an indifferent quality; and their land on the whole is very imperfectly cultivated. These disadvantages must continue severely to affect the condition of countries in which this imperfect system of land-occupation prevails. Their agriculture must be exceedingly unproductive, as compared with the capacity of the soil and the amount of labour existing upon it; and since the produce of land forms, as we have seen, the substratum of all other wealth, the production of the aggregate stock of the means of enjoyment must be proportionately slow, languid, and contracted.

Such, with very trifling variations, are the imperfect systems on which land is occupied for the purpose of cultivation throughout the entire continent of Asia, and nearly the whole of Europe. In Great Britain, Holland, and the Netherlands, a different mode has

been adopted, to which in a great measure is to be ascribed the extraordinary comparative progress which agriculture has made in this corner of Europe.

At a very early period, as has been already mentioned, the stipulated services of the villeins or manorial tenants in England began to be commuted for annual payments in *money*. About the same time it became not uncommon for the lord to *lease out* for the duration of certain lives, or for a term of years, portions of the manorial waste, upon payment of a money *fine*, to such persons as were desirous and able to reduce it to tillage. As these leases expired, the lands, whose value had increased through the cultivation bestowed on them, were relet for an augmented fine, or at an annual money-rent; frequently for both. And the lord in time found it much more convenient to lease out in this manner his demesne lands likewise, than to farm them himself through a bailiff. In this manner the greater portion of the land of England came to be occupied by *tenants on lease*. Many small plots were still cultivated by their owners, the *liberi tenentes*, or freeholders, who had acquired them by purchase, or by descent from the freemen and military tenants of the feudal era. Other estates still remained in the hands of the descendants or purchasers from the ancient villeins, holding, as it was called, at the will of the lord by copy of court roll (the record of such grants). To the latter tenure custom, and the indulgence of the lords of manors in never resuming the grant, in process of time gave a prescriptive right, recognized by the courts as a valid claim according to the common (or customary) law of the land. But even of these smaller properties, many, when they fell into the hands of minors or women, or were purchased by persons engaged in trade or otherwise, were in their turn leased

out to tenants willing to pay their owners a money-rent for their occupation. So that, by degrees, nearly the whole surface of England, as well the small estates of the inferior class of landowners, as the extensive domains of the lords of manors, the nobles, the crown, or the church, came to be cultivated in portions of moderate extent, by tenants who undertook to *farm* these portions on leases for certain terms, stipulating for payment to the owner of an annual rent.

Now, it is immediately evident that such a system of occupation must afford scope for the development of those principles of industry and economy which are implanted in the bosoms of all men, and want but the slightest encouragement to expand and perform their valuable functions. A cultivator, secured by a lease in the possession of all that he can raise off his farm over and above the rent he has stipulated to pay its owner, stands for the term of his occupation in the position of its owner, and is urged by the inducement of direct interest to labour in every possible way to increase the productiveness of his holding. It is to the assiduous *industry* of these leasehold tenants, and the smaller occupying freeholders, that we are indebted for the great advances this country has made in agricultural skill, and for the fertilization of almost every corner of its surface where the plough can enter. To their steady *economy* we owe the accumulated mass of *agricultural capital* which renders the labour of British farmers so greatly more effective than that of the continental cultivators.

The advantages inherent in the leasehold system of occupation would, however, have been ineffectual, but for the protection which the law extended to the tenants from the rapacity of their landlords, and the countenance which the courts of Britain have, with very

rare exceptions, at all times liberally afforded to the efforts of the industrious classes of society to emancipate themselves from the thraldom in which they had been bound by the feudal system. On the Continent the worst features of that system remained almost in their integrity up to a very recent epoch, when its barbarous customs and unjust inflictions were at length repudiated by a people among whom intelligence had partially penetrated; and the first shock of the French Revolution put an end to the absolute power of the great landowners over their peasantry, which had till then been usually exercised with the most arbitrary severity. Perhaps, it is to the spirit of independence and love of liberty uniformly inspired by commercial pursuits, that we are to attribute the success which at so much earlier a period attended the efforts of the English, the Dutch, and some other maritime states, to free themselves from the shackles of feudalism and the galling yoke of the landed aristocracy, under which the inhabitants of the more purely agricultural states of the Continent continued, till very lately, to groan. We have already seen that serfship was almost wholly extinguished in England in the time of Elizabeth. While the cultivators of nearly all Europe were abject slaves, subjected to the whip, knout, or gallows of their feudal lords, the merry and stalwart yeomen of England had rights recognized by law, which they well knew, and, "knowing dared maintain." They tilled the fields of proud and wealthy barons, not on such terms as a master imposes on his slave, but on those of free contract for mutual benefit, such as left the lord as much indebted to his tenant as the tenant to his lord. In gaining this high comparative condition, the cultivators of England were assisted by the sovereign, who felt the advantage of being backed by their honest

and hearty loyalty in his disputes with disloyal nobles —and by the judges of the law courts appointed by him, themselves sprung from the people, and naturally inclined to favour the liberty of the subject. Blackstone truly says that "the law of England has always been ready to catch at anything in favour of liberty."

One other remarkable circumstance contributed to favour the advance of the class of English farmers in wealth and independence, namely, the continued fall in the value of money during the three successive centuries which followed the discovery of America. The abundance of gold and silver flowing from the new world into the old lowered their value, and with them that of money. The sovereigns during the same period frequently resorted to the trick of debasing the coin of the realm, in order to pay their old debts in money of less intrinsic worth. And the consequence was, that leasehold tenants who had contracted at the beginning of a long term of occupation for payment of a fixed annual rent, proportioned in amount to the value of money at that time, profited greatly as its value was subsequently lessened, and the money-price of every produce of their farms proportionately increased. The landowners were, of course, losers in the same proportion. But the nation at large benefited to an extraordinary degree. For, had this difference passed into the hands of the landlords, to whom in equity, perhaps, it was due, it would have been *spent* by them as revenue on more sumptuous clothing, furniture, or feasting, and larger trains of menials; whereas in the hands of their tenants it was economized, and accumulated into *capital*, being expended by them in the more vigorous cultivation of their farms, in bringing fresh lands under culture, in the erection of farm buildings, and other

permanent improvements, by which the general productiveness of the national soil was increased.

It is to these combined causes that we must refer the remarkable superiority of the agriculture of Britain over that of the Continent. They resolve themselves into circumstances more or less casual in their nature which conferred on the cultivators of land an advantage, which they are always sure to employ to the furtherance of agriculture and the enrichment of the state. Had they not been aided by such adventitious circumstances, had they been left at the discretion of the legal owners of the soil, these latter would, no doubt, have mistaken their real interest, in England, as they have done everywhere else—in the West as well as in the East—and by grinding the peasantry to the very earth, exacting from them all the fruits of their labour beyond the barest pittance on which life can be supported, would have put it out of their power to accumulate the stock, and acquire the skill, and exert the energy which were the indispensable elements of that immense improvement in agriculture from which the landlords of England, even though in spite of themselves, have been ultimately the greatest gainers.

Nothing can be more certain than that the interests of the landowners of any country are indissolubly bound up with those of their tenantry and of the community at large. The interest of the state obviously requires that its territory be brought into a condition of the utmost possible productiveness. But this can only be effected by a body of cultivators possessed of ample capital, and occupying their farms upon such terms as will make it their interest to manage them in the most perfect manner. That the landowner is equally interested in this state of things is convincingly demonstrated by a comparison of the rent of land of equal

natural qualities in England and throughout the Continent. But the experience of every age and country has proved, we fear, that, if it be left to the wisdom and foresight of the landowner to encourage the growth of such a tenantry, it will never take place. The miserable scantiness of the produce of the greater part of the cultivated earth is manifestly owing to the want of capital and skill—the poverty and degradation—of the peasant cultivators; a condition which is directly caused by the extortionate rapacity of those persons, whether kings, nobles, or lesser proprietors, who have established a claim to the ownership of the soil. Wheresoever circumstances have compelled a relaxation of the gripe in which the cultivators are generally held by these *terrarum domini*, they have uniformly been found to take advantage of it for the extention and improvement of agriculture. The forcible emancipation of the great body of cultivators in France, by her first revolution, from the oppressive bondage in which they were previously held by their landlords has, in spite of the destructive circumstances by which that revolution was attended, and for a long period followed—in spite of the desolating effects of the conscriptions of Napoleon—occasioned so vast an increase in the revenues of the great body of agriculturists that France consumes now more than three times the quantity of manufactured commodities she did before that epoch, and her non-agricultural population has doubled. These facts tell how much she lost in wealth by the feebleness of the agricultural efforts of the peasantry under the old *regime*.

The result of the forced sales of the confiscated estates of the emigrant nobles of France in 1789-1800, and of the Church, together with the subdivision of land consequent on the new law of inheritance, has

been so to multiply the class of proprietors that they amount at present to more than five out of a population of forty millions, most of whom occupy and cultivate their own land. And after all the discussions that have filled the press upon the relative advantages of large and small occupations, it remains certain that these peasant-farmers, as they are called, however small their holdings, though they may produce less, take a far greater interest in their labour and enjoy existence far more than the agricultural labourers of other countries, who work for hire, are more frugal and saving, more contented with their lot, and, therefore, more conservative of order and property than the latter. These are great advantages, which may well be considered to outweigh some possible falling off in the comparative produce of the land.

We repeat, that from the landowners of a country it must not be expected that they will spontaneously afford that immediate relaxation of their power over their tenantry which is necessary to allow the latter to emerge from a state of poverty, and cultivate with spirit and effect. This has ever been, and must be, the work of a superior power—whether proceeding from above or from below, acting with the calmness of deliberate wisdom, or the convulsive reaction of turbulent despair—by which the landowner is compelled to take those steps which are as necessary for his own as for the general benefit.

A striking illustration of the truth of this position—which, harsh as it may sound, is in accordance with every known fact, as well as the recognized principles of human conduct—is presented by the actual condition of *Ireland*. In that country we may see the natural effects of uncontrolled power in a landed aristocracy to dictate the terms on which the soil shall be cultivated by the native population. There the far greater pro-

portion of the land is tenanted by the very lowest class of peasantry, possessed of neither skill nor capital, each occupying, in fact, but a rude turf cabin and a plot of potato-ground, with perhaps the run of a cow in the neighbouring common or bog. And these *cottier* tenants (as they are called) are driven by the competition of their continually increasing numbers, to offer for this miserable holding a money rent so high as to leave them but an inadequate supply of the coarsest fare. The condition of the Irish peasantry proves that even where usurpation has not proceeded to the extreme length of claiming a property in the persons of its subjects, still the exclusive ownership of the soil—which the bulk of the people must obtain leave to cultivate—or starve, enables the land proprietors of a poor but populous country to impose on them any terms they are pleased to exact, and thus virtually, if not nominally, to *enslave* them. The cottier is, in fact, an instrument which the Irish landlord employs to wring from his estate the utmost return an imperfect system can produce, and when it has served his turn, flings away to rot on the nearest dunghill. The law mocks the Irish peasant with the title of freeman. He is free only to starve, for the same law confers an *unconditional* monopoly of the soil of his native island on a few individuals, and he must accept the terms they choose to offer, however hard, or perish of famine. And there, as elsewhere, it happens that the overreaching avarice of the landowner, by clutching, at all hazards, an immediate gain, keeps the peasant cultivator in a state of misery, degradation, and helplessness, which totally incapacitates him from developing the productiveness of the land entrusted to him, to the great ultimate loss of its proprietor. Hence it is that a country blest by nature with a soil of unexampled

fertility, intersected by magnificent navigable rivers, situated in the most favourable climate, and inhabited by an active, spirited, and energetic population, within reach of all the advantages of the highest civilization, and protected from external injury by a wealthy and powerful government, offers a picture of discontent and turbulence, of moral degradation and physical want probably unequalled in any other quarter of the globe.

[Happily, through the firmness and tact of Mr. Gladstone, something like justice has at length been done to the Irish peasant. The grasping exactions of the worst portions of the landlord class have been restrained. Security has been given to the tenants that they shall not be ruthlessly turned out from the holdings which they have improved, and, in many cases, almost created, from the waste, by their toil, without compensation. Through many years the writer supported the late Mr. Sharman Crawford in his vain efforts to obtain some attention from Parliament to this question. But it was not till the growing disaffection of the Irish peasantry and the spread of Fenianism forced upon the Legislature the necessity of redressing the grievances under which the bulk of the people writhed, that the healing measure of 1870 was exacted from a Legislature composed largely of landlords. (1873).]

Even in England the mistaken selfishness of the landlord class is exemplified, in their attempts by means of the corn laws to confine the increasing population of the country to food grown on her limited soils. The injury which they themselves sustain by thus checking the extension of our manufacturing industry, and pauperizing a large portion of the population which might maintain itself, if it were allowed to exchange the produce of its labour with the foreigner for food, is

easily demonstrable, and will be reverted to in a subsequent chapter.

[In this respect also I have to record the gratifying fact of the total repeal, since this was written, of the tyrannical laws which imposed heavy duties on the import of all foreign corn, avowedly for the presumed benefit of the home growers. The struggle was a long and severe one, and the statesman who won the victory at last, did so at the cost of his life. How few there were in 1833 who ventured to anticipate so thorough a measure as that carried in 1849 is shown in the many abortive attempts at the compromise of a moderate fixed duty, which was all that corn-law reformers in those days dared to contemplate. (1873).]

In the northern division of the New World, and in some of our Australian colonies, we may see a system in practice very different from any of those we have been employed in contemplating,—a system approaching, perhaps, as nearly as is desirable to the natural and equitable law of land proprietorship. Those vast territories, throughout which man was, up to a very late period, a comparative stranger, offered an almost boundless extent of surface for his occupation. The adventurers that migrated from the old world to settle on these fair shores, bringing with them both a knowledge of the arts of civilized life, and the habits and maxims of regulated freedom, found there on their arrival no powerful monopolists claiming, on the plea of ancient grants or modern conquest, to exclude them from their just place at the bosom of mother earth—no arbitrary despot proclaiming himself, by right divine, lord of Heaven and earth and all that is therein, and urging them to toil only that, like the bee-master, he might despoil them of the honey they should store;—they had

> "*The world before them where to choose,*
> *And Providence their guide.*"

Each took possession of as much land as he found it convenient to cultivate, and rejoiced to find others fixing their choice in his immediate vicinity, and sharing with him the well-known advantages of a division and exchange of labour. As the settlements advanced, and it was found to be for the common interest that the occupation of fresh land should be regulated in a systematic manner, for the sake of more effectually securing proper communications and measures for internal security and external defence,—the state was appointed proprietor of all the unoccupied lands, but only with the view of their being dealt out to all who might wish to settle, upon such terms and in so regulated a manner as would ultimately be most conducive to the benefit of the settlers themselves.

Here was a practical adoption through an extensive tract of country of those simple and natural principles which we have shown ought everywhere to regulate the appropriation of land, the common bounty of the Creator. We see its results in the extraordinarily rapid increase of wealth and population among the settlers wherever they enjoy internal tranquillity, as in the United States and the British colonies. In the provinces formerly colonized by Spain and Portugal, civil dissension, the natural fruit of the despotic principles introduced from the mother countries, has unhappily marred, in some degree, the lot of their inhabitants.

Political economists are in the habit of explaining the high wages and prosperous condition of the cultivators of North America and our Australian possessions by the single circumstance of these newly settled countries possessing vast tracts of uncultivated land, from which it is easy for any industrious man by the labour of his own arm to procure a comfortable subsistence for himself and his family. But the fact is that many of the most ancient states of the old world

contain an almost equal abundance of waste and untilled lands, of high natural fertility, and provided by nature with every requisite quality for the occupation and enjoyment of man, upon the sole condition that he exert the powers with which she has furnished him in development of their productiveness. It is to the vices of the governments and institutions of the old world, not to the deficiency or exhaustion of its rich, and, through a vast extent, yet virgin soils, that we must attribute whatever is to be found of misery in the condition of their people. It is by the strong remaining taint of feudal slavery, the weight of despotic tyranny, and the ignorance and bigotry which a long course of systematic oppression has engendered in both people and rulers, that the development of their natural resources is impeded, industry, economy, and foresight prevented from expanding themselves, and the gifts of a bountiful Providence turned but too frequently into curses. Nor can there be a stronger proof of this assertion than the comparatively unimproved condition in which the Spanish and Portuguese colonies have stagnated, though new and highly fertile states, for several centuries; whilst the northern states of America have made, in a third part of the time, such rapid progress in improvement, as to present already to the delighted contemplation of the friend of humanity one of the most powerful, wealthy, prosperous, and civilized nations of the globe, spread over a territory where little more than a century back there wandered only some scattered hordes of barbarous savages. The difference can be attributed to nothing but the different *political institutions* of these settlements, the one having been modelled on the Peninsular despotisms, the other an emanation of the stern and independent spirit inherited from the ancient Teutonic tribes, and which, even in

the worst of times, still struggled for existence in some angle or other of the old world. There is nowhere a more striking proof of the relative advantages of free and despotic institutions, and of the habits, ways of thinking and acting, in a word, the social disposition, respectively generated in nations by such institutions, than is afforded by a comparison of the actual condition and past history of the American states of British origin, with those of Spanish and Portuguese derivation.

In countries where erroneous institutions—by giving to an arbitrary sovereign, or equally arbitrary aristocracy, the exclusive property of the soil,—have retained the cultivators in a state of poverty and helplessness, each individual peasant, with his family, occupies a separate plot of ground, and the share of the produce which is allowed to remain with him constitutes his *wages*, or the return for his labour. We have seen how scanty and insufficient under such circumstances this return will always be. Where, as in Britain, a better system of cultivation prevails, the occupier is in the habit of *employing* labourers to assist him, advancing to them their subsistence, or *wages*, and providing the tools, seed, and stock, necessary for carrying on his agricultural operations on that extensive scale which is proved by experience to be most favourable to production. Such a cultivator is a *capitalist*, that is to say, an owner and employer of capital, or stock productively engaged. Before, therefore, we can appreciate all the results of this peculiar system of land occupation, we must endeavour to obtain a correct notion of the characteristics of that which has been already mentioned as the *third* great and almost indispensable element of production viz., *capital*.

CHAPTER VII.

CAPITAL.

The result of previous Labour—Not affixed to Land—Nor incorporated with human ability—Nor reserved for private Consumption—But employed, or reserved for Employment, in Production, with a view to Profit from sale of its Produce.—Necessity of so restricting the meaning of the term.—Utility of Capital.—Profit on Capital.—Nature of Profit, and natural right to its enjoyment.—Mistaken Views of those who declaim against the Profits of Capital.—Fixed and Circulating Capitals.—Elements of Profit.—Net Profit, or Interest of Money.—Inequality of Gross Profits.—Equality of Net Profit, in the same country.

LABOUR, as we have seen, without the assistance of the powers of nature as developed on the surface of the earth, can do nothing. But neither can labour do much, even with the possession of land, and the aid of all the powers of nature, in the absence of much previous preparation, the result of preceding labour;—and especially of a stock of tools to work with, of materials to work upon, and of food, clothing, and other necessaries for the maintenance of the labourer while at work. A few berries from the bush, water from the spring, and now and then a stray animal, taken by superior swiftness of foot, must compose the sole subsistence of the man who has within reach no prepared reserve, either of food, or of instruments for obtaining it. The poorest savage generally possesses some stores of this nature, the products of previous labour, nor always depends for his daily meal upon the chance of obtaining it by his daily exertion. But in an advanced state of society, few things can be produced and prepared for consumption except by processes which require much time—days, months, often years—during which the labourers employed must be

supplied with food, clothing, and other necessaries of subsistence. A variety of tools, instruments, and machinery, are equally necessary, as well as a stock of materials; all of which things have to be provided at an expense of much time and labour, before any of the ordinary operations of industry can commence. Stocks of all these things, it is evident, must be accumulated *somewhere* at hand, for the use of the various classes of labourers, or production of no kind could be carried on. The agricultural labourer could neither turn the soil nor deposit a grain in it, if he were unprovided with his spade, plough, harrow, and other implements of husbandry. The smith and the carpenter must cease to work unless they can find somewhere a stock of iron and timber prepared to their hands, as well as the fuel, forge, and workshop, with the tools and instruments peculiar to their trades. And these, and all other classes of labourers, depend likewise for their daily sustenance and comforts, on the due provision of food, clothes, furniture, and houses, either in their own possession or within their reach.

The results of previous labour, accumulated in any country, constitute its *stock* of wealth or of the materials for producing wealth. But of this aggregate stock a very considerable portion is so far incorporated with, or affixed to, the soil, as to be by law, custom, or necessity, inseparable from it. Such are the permanent improvements which have been made upon the land at various times since its first occupation, with the view of augmenting its productiveness—such as fences, durable manures, roads, canals for irrigation or traffic, plantations of fruit or forest trees, and *buildings* of different kinds;—all of which are ranked by law and custom, together with the land to which they are affixed, in the general class of "immovables," or landed property;

and the returns derived from them are merged in *rent*. Nor can Political Economy when taking a general view of the sources of wealth, without inextricable confusion, depart in this generic nomenclature from the established usage.

Another portion of the accumulated results of labour resides in the acquired skill and knowledge of individuals, in the acquisition of which much time and trouble has been expended. The entire body of the useful arts and sciences forms a part, and the most valuable part, of the *stock* of society. It is the accumulated result of intense preceding labour on the part of the great benefactors of mankind for ages back, preserved to us through successive generations, and with continual improvements, by tradition or in writing. These treasures of knowledge, however, before they can be *productively* applied, must be appropriated by individuals with additional labour on their part, and so far mixed up with their natural qualifications as to become *personal* to them. This kind of stock, therefore, enters into the category of *ability* or human powers of production, under which head we have already considered it. Its returns properly fall under the appellation of *wages*.

The third and remaining portion of the aggregate stock of a community consists of the *material* products of previous labour, that are separable from the soil as well as from individuals; and it is therefore properly designated as "*movables*" or movable stock.

Movable stock is itself to be distinguished into two great divisions, according as it is kept or used for the purpose of producing wealth, or simply for individual gratification without any ulterior object.

The first division comprehends the various tools, machinery, materials, necessaries of subsistence, or

other things provided for sale, or for the consumption and use of labourers while employed in the production of saleable commodities;—and is properly designated, as we have already explained, by the term *capital*. The remaining portion of movable stock which is not kept for sale, or consumed with the view of facilitating further production—but only for that, which is, in truth, the real end and object of all production, the gratification of its owner—is indifferently called revenue, wealth, property, goods and chattels, &c.; but must not be confounded with capital.

Though it may be difficult in all cases to determine of every particular object, whether it is productively engaged, and therefore to be reckoned capital or not, yet this need no more prevent our distinguishing the whole movable stock of a country under two great heads, according as it is employed with a view to the reproduction of more wealth, or only with a view to immediate gratification, than we need be interdicted from classifying natural objects into minerals, vegetables, and animals, because there are some intermediate species which can be with difficulty referred to either class. No useful conclusions can possibly be come to upon what is going forward in society, if we do not distinguish between those masses of wealth which are habitually consumed in a productive manner—in such a way, that is, as to produce an equal or greater quantity of wealth—from those which are consumed unproductively, or so as to leave no equivalent behind. When an individual consumes a certain quantity of his stock, with no other aim or result than the gratification of himself or his friends, the mass of wealth is *pro tanto* diminished; and though gratification is the ultimate end of all production, yet since a portion of the means of gratification is destroyed, and no similar portion

produced, such consumption is evidently unproductive. What is consumed in this way is usually said to be expended as *revenue*. When an individual, on the other hand, purposely expends stock in such a way as that its consumption is the means of producing an equal or greater quantity—as for example, the consumption of seed and husbandry implements by a farmer—no portion of the aggregate of wealth is destroyed; but, on the contrary, there is, in almost every case, *an increase*, which forms what is usually called *profit*, and is the motive for such expenditure. We should therefore define capital as *that portion of movable stock which is employed, or reserved for employment, in production;* to which we would add (in order to exclude ambiguity as far as possible), *with a view to profit by the sale of its produce.**

* The term capital is employed, we think, by Smith and most other economists in far too extended a sense, and requires to be more strictly limited than it usually is by writers on the subject, if we desire to preserve any distinction between this and the other main elements of production, land and labour. We cannot acknowledge acquired skill, for instance, to be properly called capital, unless by metaphor. Otherwise, what is pure labour? The mere brute force of man is rarely, if ever, exerted without some little skill to aid its application, a skill acquired by practice or precept. There is no occupation so mechanical, not even that of carrying a load, or breaking stones on the highway, in which some skill may not be acquired, so as to enable one man to do more work than another who is less skilled. It is true that much capital is often expended by labourers in the acquisition of skill and knowledge, which eventually bring in to their owners an increased return; but when capital has been thus incorporated with man himself in the increase of his productive powers, we must consider it more accordant with usage, and less likely to create confusion, that it should thenceforward go by the name of *ability*, not capital; and its returns be called wages, not profit.

Again, when capital has been expended upon the permanent improvement of land, as in clearing, fencing, draining, and fertilizing it, in roads, canals, bridges, and buildings, we can no longer think it properly designated as capital. It is incorporated with land, so as to be inseparable from it, except by an extremely slow

No labourer, we have said, can work at anything but with the aid of capital, either produced by himself, or procured from others. But production could advance only with the utmost slowness, if every labourer were to endeavour to fabricate for himself the tools he works with, and to raise from the soil the materials he employs and the food he consumes. At a very early period in the progress of improvement through the division of labour, it must have been discovered by

process; and its returns are practically merged in rent. This portion of rent undoubtedly *represents* the profit of the capital which has been spent on the land, just as the increased wages of an artificer represent the profit of the capital expended in teaching him his trade; and we need not forget this, though it may be more convenient and more accordant with usage, instead of calling them both profits, to call one rent, the other wages. If labour, land, and capital, are to be distinguished by any intelligible line of separation, we think it can only be by including, under the first term, all the productively engaged powers of man, natural or acquired; under the second, those of the soil and the things permanently affixed to it; under the third, those of the *movable* substances man has stored up with a view to production. In Political Economy, much labour has been expended in vain, and great confusion introduced, where all is really plain enough, by *over refining*, and by ill judged endeavours to give a mathematical accuracy to definitions and propositions which from the nature of their subject can pretend to no more than the grouping of phenomena according to their most striking general characters. If, as the definitions and language of some economists would contend, everything *on which capital has been expended with a view to a return* is still to be called capital, there is an end to all distinction between the three primary elements of wealth. *All labour*, then, is capital, and *all land*. The labourer must be reared on capital for years before he can do any work; he must be fed daily on capital, or his ability vanishes; land must be cleared and cultivated by capital, or it will produce nothing. Both labour and land are, therefore, by this rule essentially and entirely capital, and all wages and rents are in fact profits! And so, indeed, says Mr. Macculloch with all possible gravity, (Principles of Political Economy, p. 118), quite regardless of the circumstance that every one of his works, even that in which he comes to so startling a conclusion, is entirely made up of a series of disquisitions, *on the reciprocal influence of land, labour, and capital, rent, wages, and profit*. We need hardly observe that things which are identical can-

experience to facilitate greatly the object of all labour, production, for some classes of labourers to occupy themselves exclusively in making tools and machinery of different sorts for the use of the remainder, others in the cultivation and preparation of the different kinds of raw material required for the several processes of industry, and others again in the growth and provision of the food, clothing, and various articles which are necessary for the subsistence of the whole.

The stock of these things which an individual has produced, not for his own use, but with a view to their employment or consumption by others, are of course as much *his property*, as if he had intended them for his own use, and he has the right to dispose of them to those who want them on the most advantageous terms he can make. He can either *sell* them outright, or, if it be more convenient both to him and to those who wish to employ the things, *lend* them, on condition of receiving a stipulated remuneration for their loan, in addition to the repayment of the things themselves, or their equivalent. Or as a third alternative, he may retain some portion of his capital in his possession, such as machinery and implements, and with another

have no reciprocal action on each other. The same spirit of ultra-refinement has driven him into the equally monstrous inconsistency of defining *labour* to be "any sort of action or operation, whether performed by man, the lower animals, machinery, or natural agents, that tends to bring about a desirable result;" (Edition of Wealth of Nations,) thus making labour include *both capital and land*. Again, his definition of capital, as "all that *can be made* to aid in production," includes in it land, labour, revenue, and profit itself: while his astounding declaration, that bubble-blowing and turtle-eating are *productive* occupations, necessarily follows from these premises. If such definitions are adopted, Political Economy becomes at once an entire jumble of meaningless phrases: land, labour, and capital, rent, wages, and profits, are all different words for the same thing; production and consumption are undistinguishable; "And naught is every thing, and every thing is naught."

portion, consisting perhaps of the necessaries of subsistence, or their equivalent, *purchase* the labour of such individuals as are willing to work for him, employing his capital.

If the entire capital a labourer works with belongs to himself, whether by right of purchase or production, the whole produce of his labour will likewise properly belong to him. But if he works with the capital of another, it is evident that a part of the produce which results from the joint employment of his labour and the other's capital, belongs of right to the owner of the capital. Thus if A supplies B with either food or tools, or materials, upon which to work at making any article, it is clear that a proportionate part of the article or of its value rightfully belongs to A. What this part should be—what, in short, should be the several shares of the labourer and the capitalist in any case—must depend on the relative value of the capital supplied by one, and the labour furnished by the other, and this can only be equitably settled by previous agreement between the parties, voluntarily entered into by both for their mutual advantage.

The share of the labourer is the remuneration of his labour, and forms his *wages*. The share of the capitalist goes, for the most part, to replace that portion of his capital which has been consumed, damaged, or worn out in its employment. But there must remain to the latter some surplus beyond this; for it would be worth no man's while to employ his capital productively, if he can *gain* nothing by so doing. The surplus which accrues to the capitalist after his capital has been replaced, is his only remuneration for its employment, and is called its *profit*. Profit is the inducement of the capitalist to employ his capital in production, just as wages form the inducement of the labourer to

exert his skill and strength in the same manner. The former has obviously as much right to be paid for the use of his capital, as the latter for the use of his labour. Both have combined to produce a joint result, which could not have existed in the absence of either. Without the capital the labour would have been nearly unproductive; without the labour, the capital must have remained dormant and unincreased, even if secure from waste. The right to possess and freely dispose of capital, and to receive whatever profit is to be obtained by accommodating other parties with its loan, or by using it oneself, or by employing the hired labour of others in rendering it productive, stands evidently on precisely the same ground as the right to possess or dispose of any other thing, equally the produce of labour. The expediency of protecting the free use and employment of property as capital, that is to say, *productively*, and the free enjoyment of its full returns, with whatever profits are included in them, is manifest likewise from the simple consideration that in the absence of such protection no one would produce any of such things as are necessary for aiding production, —at all events, no more of them than he wanted for his own use. Every labourer must then make his own tools, and raise from the earth his raw materials and his food. There would be an end at once to all that vast increase of the general stock of the means of enjoyment which results from the division of labourers into the various classes of tool-makers, growers and preparers of raw material and of food, house-builders, furniture-makers, manufacturers of clothing, ornaments, &c. Society would be resolved into its first elements. Each man must betake himself to the cave or hollow tree for shelter, his nails for tools, berries and game his sole food, skins his only clothing; and famine and

want must rapidly cut down the numbers of mankind to the meagre hordes of miserable savages that could alone support themselves on such terms.

The profit obtained by the owner of capital from its productive employment, whether in his own hands or those of another party, to whom it is lent, is to be viewed in the light of a compensation to him for *abstaining for a time from the consumption* of that portion of his property on his personal gratification; and the compensation is, therefore, proportioned to the *time* during which his capital is so engaged instead of being spent upon himself, as revenue. It has been said time is a mere word—a sound, can do nothing, is nothing; and can therefore neither have nor give value.* This is a very great and extraordinary mistake. What gives value in exchange to labour? Only that no one will, under a free system, give his labour for nothing, and consequently those who require the labour of others must pay for it. But the same cause gives value to time. No one will sacrifice time by allowing it to operate on his property—will sow his wheat, for instance, and allow it to remain a twelvemonth in the ground, or leave his wine in a cellar for years, instead of consuming these things, or their equivalents, at once—unless he expects them to acquire additional value in proportion to the *time* during which they are so kept unconsumed. That they do thus acquire additional value, owing to certain natural laws—the sown wheat multiplying itself in its crop, the kept wine improving in flavour—is notorious. And if this additional value were not to be allowed to their owner in the price he obtains on parting with them, it is evident there would be no inducement to him to employ his property in

* Macculloch, Political Economy, p. 314; J. Mill's Elements of Political Economy, p. 9.

this productive manner. Wheat would not be sown for a future crop—wine would not be placed in cellars to improve. Were it not for the certain prospect of the profit to be obtained at a distant time by the productive employment of capital, and that the profit too will be proportioned to the time which elapses before the production is completed, no one would employ any portion of his wealth productively, except for the relief of his own immediate wants—no one would accumulate wealth in a productive shape, except for his own consumption. Capital, in its true sense, would almost cease to exist. If, under these circumstances, *property* were accumulated, as no doubt it still would be, through the influence of the strong natural passion for accumulation which exists in most minds, it would be hoarded in the form of substances that could be kept by their owners without injury, but without utility — gold, jewels, plate, pictures, furniture,

"Rich stuffs and ornaments of household."

And, in fact, in barbarous ages, when there existed a prejudice against the *taking of interest on property lent*, these were the forms exclusively assumed by accumulated wealth. The owner of such treasures might, perhaps, occasionally gloat over them with a miserly satisfaction, but still with less gratification than if they had been increasing through their *productive* employment, while to none but himself could they be of any service whatever. And thus they remained locked up in chests and closets, without contributing in any degree to the benefit of any person, until, perhaps, the strong temptation they offered to the cupidity of the robber or the tyrant caused the destruction of their possessor, and the dispersion of his treasure into other hands, there to stagnate as uselessly to the mass of mankind.

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But when freedom is afforded to the employment of capital, and security to the enjoyment of its returns, when no impediment is offered by mistaken legislation, grasping tyranny, or vulgar prejudice, to the voluntary and mutually beneficial agreement of two parties, one of which is desirous of productively using for a season what the other has painfully produced or saved by a sacrifice of present ease or enjoyment, but, on the contrary, the fulfilment of voluntary agreements or *contracts* are enforced by law, the self-same passion for accumulation induces every one who is able to save, instead of hoarding his savings in these unprofitable shapes, to give them the form of tools, buildings, machinery, raw materials, and food—objects which he can lend out to labourers for employment in production, on the condition of receiving *for their use, a share of the increase of wealth they assist the latter in producing.* In this way the miser of former days is converted into the employer of labour, and the promoter of every useful and valuable branch of industry. And thus those selfish feelings of our nature which prompt to the increase and accumulation of wealth—not as a means merely, but an end—become in the highest degree serviceable to the common interest, and are enlisted in the cause of the general happiness. The miser of the present day may yet, like his prototype in the dark ages, gloat over his wealth; but he now keeps it by him, in the form, not of gold ingots, jewels, and costly stuffs—but of bills, bonds, and securities, the *representatives* of that substantial wealth, which, instead of rotting in close coffers, is employed in the hands of ceaseless industry, levelling the forest, and cultivating the plain, quarrying the mine, giving motion to the loom, and ploughing the ocean—taking a thousand shapes, perhaps, but in each aiding man to avail himself of the

prolific powers of nature, and multiply his means of subsistence and enjoyment. True it is, this capital would produce no increase without the skill and labour of those who employ it; but it is equally true that their skill and labour would produce nothing, nay, that they could not even maintain their existence, without the capital which they employ, and that by which they are maintained while at work. The wealth which is produced by the union of capital with skill and labour is evidently, as we have already said, the joint property of the owners of the capital and of the skilled labour. Each has contributed to its production, and each has a right to a share of it. If the capitalist were to be unjustly denied his share, accumulated property would thenceforth never take the form of capital; except that small portion which each man could employ by himself and for his own immediate purposes.

All this seems so obvious to the most ordinary capacity as hardly to be worth dwelling upon. And yet there are persons who still, in the present light of civilization, in the nineteenth century, and in the midst of all the evidence which is afforded, wherever we turn our eyes, of the prodigious part which capital is playing in the production of the necessaries, comforts, and luxuries of human life,—declaim against capital as the poison of society, and the taking of interest on capital by its owners, as an abuse, an injustice, a robbery of the class of labourers!* Such blindness is to me truly unaccountable. That those who observe the prevalence of great misery among the inferior classes of workmen in this and other wealthy countries, who witness and deplore the fact, that in spite of all the manifold im-

* See Hodgkin's Popular Political Economy, Labour Defended against the Claims of Capital, and other works of the same author.

provements which are continually adding to the productiveness of labour, the share of the gross production which falls to the common labourer does not increase—perhaps proportionally diminishes; that, on viewing this anomaly, they should conclude *something* to be wrong in the arrangements which at present determine the distribution of the wealth produced in great part by labour is no source of astonishment to me, for I arrive at the same necessary conclusion from the same observation. But that any sane person should attribute the evil to *the existence of capital*—that is, to the employment of wealth in aiding the production of further wealth, instead of being unproductively consumed, almost, if not quite, as fast as it is created, or unproductively hoarded to satisfy the lust of the miser—is indeed wonderful. Why, without capital, this island would not afford subsistence to a hundredth part of its present population. Destroy the security for the free enjoyment or disposal of capital, deny its owner the privilege of accepting what any one may find it for his advantage to give for its use, and every individual will be reduced at once to his unaided resources. He will find nowhere any store of food on which to live while he is digging and sowing, and protecting his immature crop—no stock of tools with which to work, or of clothes and other necessaries of existence. All trades would stop at once, for every trade is carried on by means of capital. Men would at once be reduced to the isolation and helplessness of barbarism.

But, perhaps, it is in the imagination of these schemers, that there should not be a general destruction, but only *a general division*, of the capital at present existing, among the present race of labourers; so that each, it is thought, would, for some time at least, be provided with a stock of food, clothes, and tools, with which to

continue the business of production. We suppose something like this is contemplated. But, putting out of sight the injustice, confusion, and attendant horrors of the frightful scramble which is here disguised under the smooth name of a general division of property (a scramble which, in the extremely complicated and artificial state of society characterizing this country, must be attended with infinitely more violence, convulsion, and disturbance, than any political catastrophe on record), how, we must beg to ask, is production to go on afterwards? In a very short time, a large part of the population, *all the idle*—and in such a crisis there can be but little industry—will have consumed their share of the plunder in riot and excess. Admitting that others have gone to work industriously in the production of the things they require, each for himself—have ploughed and sown, and spun and wove,—have stored corn in their granaries, and cattle in their homesteads, and fuel and clothing and comforts of various kinds in their lofts, and cellars, and warehouses, what is to become of all that large body who, having squandered away their share of the general booty, will have no means left of maintenance? *Heps and haws cannot last them long.* It is clear that one of two things must occur. Either they will, if sufficiently numerous and strong, call for *another division of property*, that is, *once more* plunder the barns, granaries, homesteads, and warehouses of the industrious, or if they are not strong enough to attempt this, they will humble themselves to the owners of these same barns and warehouses, and petition for food and clothing in return for all they have to offer, *their labour*; that is to say, they will apply to them for *employment and wages*. If the owners of property refuse their petition, starvation and disease must rapidly carry them off; not, however, before

they have robbed, and plundered, and done all the injury to the remainder of society which their despair and destitution will prompt. If their request *is* acceded to, the old system of masters and men, *capitalists and labourers*, will recommence; and the society, at least whatever portion of it we can suppose to have survived the shock of such a convulsion, will be reconstituted on its old and natural principles, to recommence the difficult march of improvement, and with the feeble hope of regaining, after the lapse of years, perhaps of ages, the elevated position we are at present so fortunate as to occupy as yet unscathed—to reproduce slowly and painfully the vast stock of accumulated capital which it once possessed, but which, in a fit of popular insanity, had been broken down and scattered to the winds.

The security of property and the liberty of consuming or employing it in whatever way the owner pleases, or finds most for his interest, is, as has been truly observed, the first of the *rights of industry*, and the essential condition of her progression. But of all modes of employing property, the very last which it would occur to an enlightened friend of humanity to obstruct is its employment *in aiding production*—that is, as *capital*. It is quite clear that the profit or interest to be gained by the employment of capital is the principal motive to its accumulation, and the *only* one to its employment in furthering production. It is quite clear that if the owner of capital is not allowed to make what profit he can upon it by lending it to others, no one will accumulate more capital than he can use himself, and nearly all savings would thenceforward be hoarded in cellars and closets, instead of aiding industry and facilitating production.

It may be convenient to introduce here some notice of the relations of labour and capital—a subject much

discussed of late. There is an unhappy impression prevalent among the labouring classes that, because it is for the interest of employers to pay no larger wages than they can get their work done for, while it is, of course, their (the labourers') interest to get as much as they can, therefore the two classes have permanently hostile interests, and none in common. This impression has probably been strengthened by the language of some political economists, Mr. Ricardo, for example, who insist that in all cases "the rate of profit of the capitalist depends on the rate of wages he pays, rising as wages fall, and falling as wages rise" (Mill's Principles, Book ii., chap. xv., § 6). Nothing, however, can be less true in fact than this "theorem." In reality, wages are always a definite amount of money contracted beforehand by voluntary agreement to be paid by an employer to his labourers for the fulfilment of a certain measure of work, and determined by the former on a calculation made by him that the produce of their joint industry will reach an amount sufficient at least to cover his expenditure in wages, &c., and leave such a surplus, or profit, as will repay him the ordinary interest on his capital, and a full remuneration for his skill and attention to the business. If when the returns come in from his sales they amount to more than this, his profits are by so much increased. But this increase has been in no degree taken out of the wages of his labourers. On the contrary, should the increase in the amount of returns prove to be permanent, the higher profits obtainable in the particular business soon attract fresh capital to it, occasioning an increased demand for labour, and, before long, an increase in wages. So far then from its being true in fact that increased profits are necessarily taken out of wages, and improved wages out of profits, the very reverse is the case. Profits and

wages may, and generally do, rise and fall together; the tendency of all increase in demand or improvement in the productiveness of labour and capital being to augment the returns and consequently the remuneration of each. This is proved by the notorious fact that in countries where profits are high, so also are wages, as, for example, in America and Australia. The high wages of the north of England, as compared with the south, are to be accounted for only by the fact that the comparatively high profit obtained by the enterprising capitalists of the north is continually attracting there fresh capital and causing an increased demand for labour, and proportionately *high* wages. Capital transfers itself from one place to another far more readily and quickly than labour, so that an increased local demand for additional labour, caused by an influx of new capital attracted by the prospect of higher profits, cannot but tend to raise wages locally by the competition of employers for labourers in a market whose supply is limited. It is to this self-acting process that the labouring class may look for an increase of their wages as the returns of their employers increase, with far greater security than to combinations. The competition of employers for labourers is certain to bring about a rise of wages, whenever the profits of the trade will warrant it, without the suicidal action of trade unions and strikes. Of course, when profits, on the other hand, fall off, the labourers must, under the stern influence of the law of supply and demand, submit to a reduction of wages—or they will find their employers reducing their establishments, or perhaps withdrawing their capital from the business altogether.

It is clear then that the true interests of both employers and labourers are in the long run identical—a flourishing business, bringing in high profits, and an

influx of new capital cannot but benefit the local labourers to the full as much as their employers. All attempts to obtain an artificial rise of wages, such as the profits of the trade will not bear, can only drive it away to other localities, perhaps to foreign countries, and leave the local labouring population with lessened occupation and means of maintenance.

No doubt, there is an element of uncertainty and distrust inherent in the ordinary relation of labourers and their employers, in so far as the labourer not having access to his employer's accounts, is apt to believe that the latter is driving too hard a bargain with him—is making an extraordinary profit at his expense. Hence the occasional demands of trade unionists, or labourers "out on strike," to inspect the masters' books, &c. It would be desirable if by some arrangement which should give to the labourers employed in any business a more direct and obvious interest in its success, such as a partial partnership, or merely a *bonus* on the realization of an increase in its produce, these suspicions could be allayed, and the workmen induced to exert themselves more strenuously than they are apt to do when paid only by the day. Some such methods are being experimentally tried in various quarters, and, it is to be hoped, may bring forth some good. Meantime, the ordinary method of task work, or payment, not by time, but by results, is one admirable mode, so far as it can be practically extended, of drawing forth the labourer's best energies, by giving him a direct interest in the increase of their productiveness.

Adam Smith and other economists distinguish two kinds of capital, fixed and circulating. The latter is defined to consist of such things as are continually going from and returning again to their owner, and afford a profit only on being parted with. Such is the money which a master keeps by him to pay his work-

men, his stock of materials, and of worked-up goods, and the stock in trade of all wholesale or retail tradesmen. Capital is said to be *fixed* which is invested in machinery, implements for facilitating labour, buildings, improvements of land, &c.; things which yield a profit, not by being parted with, but while remaining in their owner's hands, and employed in producing other things. Smith considers also as fixed capital the acquired skill and ability of the members of society.

It is doubtless serviceable to distinguish those kinds of capital which are rapidly circulated—that is, consumed and replaced within brief periods, as a year for example—from capital of a more durable nature. But it may be surmised that, except in the time during which they remain unconsumed in the employer's hands, there is no real distinction between the two classes of capital here mentioned. The capital laid out by a manufacturer, farmer, or tradesman, in the payment of his labourers' wages circulates most rapidly; being turned, perhaps, once a week, if his men are paid weekly by the weekly receipts on his sales. That invested in his materials and stock in hand circulates less quickly, being turned, perhaps four times, in the year, according to the time consumed between his purchases of the one and sales of the other, supposing him to buy and sell on equal credits. The capital invested in his implements and machinery circulates still more slowly, being turned, that is consumed and renewed, on the average, perhaps, but once in five or ten years; though there are many tools that are worn out in one set of operations. The capital, if it is to be so called (see p. 96 *suprà*), which is embarked in buildings, as mills, shops, warehouses, barns, in roads, irrigation, &c., may appear scarcely to circulate at all. But in truth, these things are, to the full, as much as those we have enumerated, consumed in

contributing to production, and must be reproduced in order to enable the producer to continue his operations; with this only difference, that they are consumed and reproduced by slower degrees than the rest. The continual repairs they require attest their consumption and reproduction; and the capital invested in them may be turned, perhaps, every twenty or fifty years. If then the terms fixed and circulating capital are to be retained, I would confine the latter to such portions of capital as are renewed or repurchased, and consumed or parted with, *within a year;* that of fixed capital to such as remain more than a year with the person who employs them for profit.

In some trades the whole capital embarked is turned or *circulated* several times within the year. In others a part is turned oftener than once a year, another part less often. It is the average period which his entire capital takes in passing through his hands or making one revolution, from which a capitalist must calculate his profits. Suppose, for example, that a person engaged in a particular business has one-half of his capital invested in buildings and machinery, so as to be turned only once in ten years; that one-fourth more, the cost of his tools, &c., is turned once in two years, and the remaining fourth employed in paying wages and purchasing material is turned twice in one year. Say that his entire capital is £10,000. Then his annual expenditure will be

£5000 ÷ 10	=	£500
2500 ÷ 2	=	1250
2500 × 2	=	5000
		£6750
$7\frac{1}{2}$ per cent. on £10,000	=	750
		£7500

To which sum his annual sales should amount in order to clear seven and a half per cent. profit *on his capital*, and for this end he must charge a profit of ten per cent. *on the value of his goods*; the mean term in which his capital is turned being sixteen months.

Take another case, in which the fixed capital required bears a smaller proportion to that which circulates rapidly. Say that one-fourth of the entire capital circulates in ten years, one-fourth in one year, and one-half twice in the year. Then the annual expenditure will be,

£2500	÷ 10	=	£250
2500		=	2,500
5000	× .2	=	10,000
			£12,750
$7\frac{1}{2}$ per cent. on £10,000		=	750
Annual sales . . .			£13,500

In this case a profit of little more than five and a half per cent. on the value of the goods will bring in to the producer seven and a half per cent. of annual profit upon his capital; the entire capital circulating in a mean period of less than nine months.

Should the greater part of the capital embarked circulate still more rapidly, a much smaller per centage on the articles sold will pay a fair profit on the capital. Should the capital, for instance, be turned five times on the average in the year, a profit of two per cent. on the sales will bring in ten per cent. annual profit on the capital.

The higher the profit that can be obtained on capital, the greater, of course, the encouragement to its accumulation and employment.

But before we can speak of profits as high or low, we must learn to distinguish matters, which, in ordinary language, go by the name of profits, from the *interest* or *net profit* on capital.

Many capitalists are themselves personally engaged in productive occupations. The manufacturer, the merchant, the tradesman, the farmer, the master-mechanic are all capitalist-labourers. The surplus by which the sum they realize from the sale of their produce exceeds the sum they have expended in its production, is in common language called their profits, or *living profits*. But some portion of this is unquestionably of the nature of wages—the recompense of their personal labour, skill, and ingenuity. Another portion often consists of *monopoly* gains, arising from the possession of exclusive advantages, such as secret processes, patent instruments or machinery, superior connexions, information, facilities of local position, &c. Another portion consists of a compensation for the peculiar risks incident to the business in which the capital is engaged. It is the remainder only that properly forms the net profit or interest of capital—that return for its temporary use which can be got without personal labour or extraordinary hazard. This is usually calculated as a per-centage on the value in money of the capital employed. And it is itself made up of, 1, Compensation for the sacrifice of immediate personal gratification; 2, Insurance against the risk of loss through circumstances which may affect the general security of property. The latter element of interest depends on the internal tranquillity of the country; the chance of foreign invasions or political convulsions, such as endanger property; the efficacy of the laws which enforce contracts; the pure administration of justice; and other similar considerations, varying in

an extreme degree in different times and places;—insomuch, that one per cent. in England will be perhaps, a fuller compensation for such risk than two per cent. in Ireland, three per cent. in Russia or France, and five per cent. in Turkey.

Under similar circumstances of political risk the interest of money, or net profit of capital, will vary according to the quantity of capital seeking employment as compared to the demand for it. The supply of and demand for capital depend on the relative force of two powerful principles in human nature continually opposed to each other—the desire to consume, and the desire to save or amass. Were every individual in a country to consume the whole of his income, whether derived from rent, wages, or profit, the amount of capital would remain stationary, and there would be no increase of wealth to support a growing population. The history of nations, however, teaches, that wherever institutions exist affording any tolerable security to the peaceful possession and enjoyment of property, the saving principle is sure so far to prevail over its antagonist (chiefly among the industrious classes) as to cause a continual increase of wealth through the accumulation of portions of income abstracted from revenue to be employed as capital.

On the other hand, if we suppose the passion of saving carried to excess in any country—were every member of society to content himself with the mere necessaries of life, and endeavour to employ as capital all the remainder of his income—it is evident that the demand for commodities would be limited to the bare necessaries of life for that number of individuals. All the various productions, which art and ingenuity now supply to gratify the infinite wants and caprices of mankind, would glut the market without a purchaser.

The demand for capital would shrink almost to nothing, and profits fall to the merest trifle. This, however, is an extreme supposition which can never really happen; for if profits fall through the competition of increased capital, the inducement to save is weakened, while that to spend is increased, by the fall in cost of all articles consequent on diminished profits. It may, therefore, be safely left to the mutually counteracting influences of the two passions we have spoken of, to determine that current average rate of net profit, which is the measure of the degree in which the owners of capital prefer prospective gain to present enjoyment.

From what we have now advanced it is evident that no conclusion can be come to upon the relative advantages of any two trades, or ways of employing capital, from a mere statement of the *gross profits* returned by each. One may return twelve per cent., the other only six, yet the net profit, or real advantages derived from the capital embarked in each by its owners, may be, in reality, equal. The gross profits of the first business may be swelled by the circumstance of its requiring a much higher class of ability to exercise it (as the trade of making chronometers, compared to that of making wooden clocks); or through its being carried on with the help of some secret process, patented machinery, or peculiar advantage of position (such as the vicinity of coal or iron mines, canals, railroads, or other facilities of transport); or by reason of the greater comparative risks to which the business is subjected—as that of gunpowder making, or ship insurance, over occupations not so exposed to casualties; or of trades in which long and large credits are given (a London tailor's, for example) over those in which the returns are quick and sure. If the two trades whose profits are compared, are not carried on in the same country,

or under the same laws and government, then the variation in their gross profits may be still further swelled by the difference of the risk each is subjected to from political circumstances affecting the security of property in general; as in the instance of France and Great Britain. Nothing therefore can be more fallacious than the idea that the amount of the profits realized in any business, in the vulgar meaning of the term, forms a just measure of the real surplus returns of the capital engaged in it; nor can any proposition be more erroneous than that there ever will, or can, be any thing like an equalization of the gross profits of every business.

Making abstraction, however, of all the above-mentioned extraneous circumstances of risk, trouble of personal superintendence, or peculiar advantages, it is evident that the *net* profit or *interest of capital* to be realized from different modes of employment, in the same country, or under the same *political* circumstances, will be *equal*, or nearly so. And for the reason, that as fresh capital is being continually accumulated from fresh savings, there will be a number of persons continually on the look-out for the means of employing their capital to the greatest advantage; and if any one occupation promised a higher return than others, after allowing for its peculiar risks, difficulties, and other circumstances, it would be chosen in preference by so many of these speculators, as by the *competition* of their produce in the market must soon bring down the returns of that particular trade to the general level—perhaps for some time below it. There is, in fact, a continual oscillation of this sort going on in the returns of capital in most employments, about the mean level or average of *net profit*, and is accompanied, or rather, caused, by an analogous oscillation in the *market value*,

or *selling price*, of commodities about *the mean cost of their production*. These are matters into which, now that we have obtained a tolerably clear notion of the nature of the primary elements of production, labour, land, and capital, we shall enter into further detail. But first we must say a few words on the subject of consumption, upon which some strange misconceptions prevail among political economists.



CHAPTER VIII.

EXPENDITURE—CONSUMPTION.

IT has been already said that of the wealth at any time existing in a country, whether fixed or movable, a portion is habitually expended as capital, that is, in the production of something salable, with a view to profit. The remainder is either retained or expended by its owners with no other view than the gratification of their wants or wishes. This latter portion has sometimes been called dormant or potential capital, because its owners might, if they pleased, expend it, or a part of it, as capital. But when they do not, it seems better to abstain from designating wealth otherwise employed by the term already appropriated to another meaning and generally so understood.

Wealth not invested as capital in productive operations for the purpose of supplying the market with commodities for sale, consists in part of land, houses, and buildings used for pleasure or convenience, or other more or less durable commodities, as, for example, libraries, art-collections, plate, jewels, furniture, &c., which, though in course of consumption for the grati-

fication of their owners, are yet so slowly consumed that they retain a portion, if not the whole, of their value for an indefinite time, and may by sale be turned into active wealth or capital at the will of their owners. Indeed, in some cases lapse of time or peculiar circumstances may increase their value, and enable the owner or his heirs to recover what was expended upon them with a surplus besides. Other investments of wealth are more perishable ; such as clothes, carriages, horses, utensils of various kinds ; while others are consumed very rapidly, as for example, articles of food or drink, fuel, and things in daily household use. All these, with the exception of such moderate food, clothes, fuel, and housing, as are absolutely necessary for the support of life, are usually spoken of as luxuries or comforts, and their consumption (or *use*) is not confined by any means to the wealthier classes, but in more or less inferior qualities, perhaps, they are enjoyed by the working and poorer, that is, the most numerous sections of society. They are usually purchased out of the income produced from one or more of the three great sources of wealth, land, capital, and labour, in the shape of rent, profits, or wages. It must be remembered, however, that income is usually understood to mean wealth accruing at fixed intervals, say of weeks, quarters, or years. But any portions of wealth already in existence may be expended likewise in the various ways we have described.

The consumption of such products of industry as minister to the wants of mankind without any ulterior object beyond sustenance or gratification, is, of course, the great end and purpose of all production.

A strange fallacy has, however, established itself in the minds and works of a large school of political economists on the subject of the expenditure and consumption of wealth, whether income or realized pro-

perty. It owes its origin to Mr. J. S. Mill, but has been adopted and enforced by many other teachers of reputation. It involves so apparently startling a paradox, as indeed Mr. Mill himself admits, that we can only account for its general acceptance by the influence of his authority, backed by a scarcely intelligible series of involved word-puzzles, which perplex the understanding, and blind it to the plain, obvious, common-sense interpretation of phenomena.

Mr. Mill gives several versions of this, which he calls one of the most "fundamental theorems" of Political Economy. They are (Book I. Chap. 6, § 9—10) that "Unproductive expenditure (expenditure, that is, in any other way than as capital) impoverishes the community, is a detriment to the working classes, whom it does not contribute in the smallest degree to employ," that "purchasing produce is not employing labour," and "a person cannot consume his income himself, and make it over to be consumed by others."

Let us take one of these positions and test its truth. They are all, indeed, only repetitions, in varied form, of one and the same dictum. "To purchase any commodity is not to employ, *i.e.*, purchase, labour." Now there is a sense in which this is true, but only by a transparent quibble. In purchasing an article upon which labour has been expended, it may be said you do not directly purchase the labour which is worked up in it, but only indirectly. Is there, however, any practical difference "so far as the labouring classes are concerned?"

Is it possible to maintain, with any show of reason, that I give no employment to my tailor and shoemaker and their workmen; that in paying for their work I do not purchase their labour? And so of every other tradesman whose goods I buy, and whom, in current language,

I am said to employ. Mr. Mill admits that "whatever a person expends in purchasing services does employ labour." Indeed, that is merely an identical proposition. So that what a wealthy man spends on his retinue, his indoor and outdoor servants, employs labour; but if he buys anything instead of making or growing it at home—for instance, his bread, or his beer, his fruit and vegetables, or any other article of consumption—his expenditure on these matters, "so far as the labouring classes are concerned, is a mere nullity." These are strange inconsistencies.

Can Mr. Mill really believe that the labour spent by the whole building-trade of London on the 70,000 houses that have been erected within the metropolitan area in the last ten years has not been paid for by the vast sums of money for which these houses have been sold? Can he suppose that the builders have built them all out of their own pockets, instead of acting merely as intermediate agents between the working tradesmen and the purchasers, paying out with one hand what they took in the other? Whom does he suppose to be the real employers of the gigantic railway staff of Great Britain, which (including the makers of material) costs some twenty-five millions annually? The Directors? They have not a shilling of capital. Who, then, maintains this army of workmen but the purchasers of railway tickets?

One of the oddest sides to this paradox is that the same economists who deny that a person who buys an article for consumption virtually purchases the labour that produced it, are foremost in asserting that every capitalist in purchasing the materials, or tools, or machinery that he employs, does purchase all the labour that produced them—that capital itself is only accumulated labour, from which it should follow that when

any result of the expenditure of capital is purchased, the labour which it represents is purchased in it.

The equivocal and misleading character of Mr. Mill's theorem may be seen in another of its formulas, viz., "a person cannot consume his income himself, and make it over to be consumed by others." The plausible appearance of this proposition arises from the use of the word consume in two different senses. A person only consumes his income by expending it, since nobody but a madman throws his sovereigns into the sea. In expending every portion of his wealth he purchases some commodities or gratifications which he may or may not consume. But in all his purchases he hands over to the "others" with whom he deals, an equivalent to be consumed, if they choose, by them. If I buy a pound of tobacco for a sovereign, I may consume the tobacco, but I only obtain it by transferring the sovereign to the tobacconist, who may expend or consume it himself at his pleasure. The very reverse of Mr. Mill's theorem is, therefore, the fact. A man cannot consume (*i.e.* expend) his income himself, except by making it (or its equivalent) over to be consumed (or expended) by others.

It is, however, the mischievous tendency of this fallacy, rather than its untruth, which makes it regrettable that Mr. Mill should have put it forward, and so many other economists endorsed it. It directly inculcates upon the labouring class that the expenditure of all who are wealthier than themselves is a "detriment" to them, and deprives them of employment which, if the money were otherwise invested, they would obtain. The lesson has been lately taught by Mr. Goldwin Smith, in his lecture delivered at Toronto, in Canada, and republished in England, in which he reproaches men of large means in this country for expending on

their own luxuries the incomes of hundreds of families. Mr. W. R. Greg properly called attention in the *Pall Mall Gazette* for January last to the fallacy and mischievous tendency of such teaching. But his letter called out many remonstrances from the Political Economists of Mr. Mill's school, who still adhere to the doctrine which his ambiguous word-puzzles have led them to adopt.

It is, nevertheless, I believe, a doctrine which the working classes themselves are very slow to take in. It is not likely that the brewer and the brewer's men will ever believe that they are not benefitted by the consumers of beer, or the goldsmiths that they get no employment from the purchasers of their wares, or the tradesmen and workpeople of a country town that they reap no advantage from the expenditure of their wealthy neighbours and customers. The truth is, as has been already said, that so far from unproductive expenditure, not occasioning, in the smallest degree, the employment of labour, it is, in the sense of consumption, or *use*, the ultimate object and purpose of all production. It is the consumer who is the real employer of all the productive classes, whether capitalists or labourers. For whom are lands tilled and crops grown, mines worked, machines made and set in motion, calicos and woollens and silks fabricated, and houses built, but for the ultimate unproductive consumer? For whom else do ships plough the ocean, commercial men labour at their desks, and even authors write and booksellers publish their works? Would the productive classes do better without the demand of the consumer? The notion involves an absurdity. Intermediate agents, no doubt, in most cases, not in all, superintend the work, and advance the funds; but they are, in the end, paid for their superintendence, and repaid their advances, by the unpro-

ductive consumer. One would think it could need no argument to prove that the man who buys a loaf for unproductive consumption pays for the labour and capital employed in making it, by the baker, the meal-man, the miller, the farmer, the agricultural machine-maker, and others who have contributed, however little, or however long ago, to the production of the loaf; that it is he, in fact, directly or by his anticipated demand, who has set them all to work. Could we suppose all unproductive consumption to cease, capital and labour would look in vain for employment. The stocks of wealth they have created would accumulate unsold in the warehouses of producers. Stagnation would replace the busy and varied industry of the world of commerce. Trade would be at an end. The merest necessaries might continue to be produced by individuals to satisfy the cravings of their hunger, or to shield them from the elements. But all beyond these, all superfluities, all that gives life and vigour and movement to society, all of taste and elegance that adorns it, and that even now enlivens the existence of the humbler classes, and more and more so every day, would have no existence. Fortunately, such a state of things is inconsistent with the nature of man, who never tires of inventing new wants and employing himself, and, when he can afford to pay for them, the services of others in their satisfaction. The desire to consume is never likely to cease among us, any more than the antagonistic desire to accumulate the means of future consumption for ourselves or those dear to us, by producing something saleable, at a profit, to those who wish to consume it. The wish to enjoy or to dispose of the means of enjoyment is the sole stimulus to production. Consumption must provoke reproduction, as the condensation of steam in the cylinder of an engine provokes the stroke

of the piston, or the wheels of industry will stand still.

But while we maintain that the consumer who has no other object in view than his own gratification is the real employer of all industry, this need not prevent our recognizing the distinction between productive and unproductive consumption. The consumption of tools, machinery, and materials, in agriculture, manufactures, and commerce, as well as of the necessary sustenance of the persons employed, is productive, because all such work results in something, the sale of which will replace the value expended. But it is the demand of the purchasers of this thing for unproductive consumption which alone sets all these operations in motion. Our merchants and manufacturers know this well, or they would not so keenly search the world for customers whom they can induce to purchase and consume their goods. Such consumption is unproductive, just as is the consumption at home by our well-to-do classes of all the luxuries or other commodities of foreign production which are obtained by commercial exchange for the former. The end of all this interchange of services and commodities between different nations, classes, and persons is the multiplication and more general distribution among mankind of the means of gratification, in other words consumption without any ulterior object than gratification.

Mr. Mill's paradoxical theorem seems to be suggested by the fact that unproductive consumption diminishes, *pro tanto*, the amount of existing wealth. No doubt, it does so. We cannot eat our cake and have our cake too. But if cakes are not to be eaten, there is little likelihood that they will be made. And it is the desire of people to eat them that gives employment to the capital and labour of confectioners, and all others who

have co-operated in the production of the materials and other requisites to the making of cakes. And it will not do to reply that this capital and labour would have been employed to produce something else, because, except the barest necessaries, and the tools used in their production, everything else falls into the same category of superfluities as the cakes, being made for unproductive consumption only; and, consequently, if that ceases there is an end to all demand upon industry beyond this meagre list of articles. From the point of view of an ascetic it may be allowable to consider the consumption of all superfluities as waste. And this seems to be the notion of Mr. Mill's school of economists. But, taking the world as we find it, it is undeniable that the desire for other things besides a crust and spring water, if not the only, acts as the chief motive for industry, invention, and progress in the productive arts, and all that gives refinement and variety to civilized existence. Take away the demand for goods of all kinds, and what goods will be produced? Capital and labour depend entirely for employment on the demand for their produce. And to deny that demand has any influence in causing their employment, but "only determines the direction they should take," as Mr. Mill does, seems one of the most patent fallacies that even Laputan philosophy could possibly invent.

I am far from asserting that some modes of unproductive consumption are not more beneficial to society than others, nor "that private vices are public benefits." I fully admit that a large part of the hundred millions worth of beer, spirits, and tobacco now annually consumed in Great Britain, not by the wealthy only, but chiefly by the working classes, might be better spent in intellectual pleasures and pursuits—in paying

for lectures, sermons, books, admission to libraries, art-collections, &c., in wholesome recreation, more comfortable homes, a better education of children, or in supporting hospitals and benevolent institutions. The desire for gratifications of these kinds, as well as its indulgence, is morally more creditable, and, likewise, more beneficial to society at large as well as to the individual consumers, than the desire for, and indulgence in sensual or frivolous enjoyments. Economically speaking, however, both desires rank alike as motives to industry and the acquisition of wealth; and, whether the wealth when acquired, be expended in one mode or the other, an equal amount of employment is given to labour and capital. In the one case to that of lecturers, preachers, booksellers, artists, authors, doctors, school-masters, furniture makers, railway officials, &c. In the other to that of wine and spirit merchants, and all who have contributed to produce the luxuries consumed.

So, although we may admire and applaud those who expend their wealth in the intellectual or rational gratification, whether of themselves, or their friends or neighbours, or in works of general utility and benevolence, we must not forget, above all when considering the causes of the production of wealth (the business of Political Economists), that as human nature is now constituted—whatever it may be in the millennium of dreamers—men in general do not, and will not, work so perseveringly and energetically for others as for themselves and their families; that the desire to enjoy, or to share with our friends, the good things of life, is the main spring of most of the industry, enterprise, and invention, by which wealth is created and from which society so largely profits. Were it possible for selfish consumption to cease, the greater part of the world's production would stop too from want of demand.

Mr. Mill's mistake lies in forgetting that if every one saved, or reserved for use as capital, all the surplus of his income beyond mere necessaries, the absence of demand from consumers would create such a glut of capital as to lower profits almost to zero, and far below the point at which it would be worth anyone's while to continue to save or employ capital. It is the wholesome antagonism of the desire to consume and the desire to save which maintains the vital mechanism of all industry. Without the general prevalence of the former, capital and labour would stagnate for want of employment, and the reward of both dwindle to a minimum. Were the latter, on the contrary, to fall off, the increase of wealth would be retarded, perhaps altogether stopped, in the face of an increasing population. Fortunately, in the constitution of man the two propensities balance one another, each correcting in turn any excessive growth of the other. Both co-operate in every industrial undertaking. The increase of consumable wealth, in all its varied forms, at the same time stimulates consumption and offers to producers more abundant opportunities for saving the capital necessary for increased productiveness. To complain of consumption as an injury to producers is for the shoemaker to complain that his customers wear out their shoes; the grocer that people *will* eat sugar and tea, and (like Oliver) come to him for *more;* the baker that bread goes from his shop too fast; and generally, for the whole body of labourers engaged in satisfying the varied wants of mankind to complain that these wants are too numerous, too exacting, and ought to be restricted to a demand for necessaries alone! Preachers and moralists have fitly declaimed against expenditure on luxuries as selfish and sinful indulgence; but it is strange, indeed, to hear such a lecture preached

in the interest of the classes who live and thrive by the demand for and sale of the luxuries themselves.

In fine, although it is true that the community benefits more by productive expenditure upon works that add to the permanent sources of the national wealth, such as reclamation of land, railways, canals, docks, harbours, &c., than by any unproductive expenditure; yet it does not follow that the latter inflicts a wrong on the community. And although it is equally true that some kinds of unproductive expenditure, such, for example, as have for their object intellectual or æsthetic gratification, healthy and innocent enjoyment, or the relief of suffering humanity, are far more praiseworthy and generally beneficial than outlay upon merely sensual indulgences, yet the fact still remains that the desire for the latter class of enjoyments is, as human nature is now constituted, the principal motive to industry and production; and also that *every* kind of expenditure, productive or unproductive, wise or foolish, benevolent or selfish, gives proportionate employment to labour; and, therefore, no one kind can be with any truth described as "impoverishing the community," "detrimental to the labouring classes, and not contributing, in the smallest degree, to afford them employment," which are the characteristics ascribed by Mr. J. S. Mill to all unproductive expenditure whatsoever.

CHAPTER IX.

VALUE.

Value necessarily relative—No real Value—General Value—Means "Purchasing Power"—Elements of Value—Monopoly—Costs of Production. Rent, the result of Monopoly—Does not enter into Price—Distinction between good and bad Monopolies—Demand and Supply—Their variations and reciprocal action—Cost of Production—Consists in Labour, Capital, Time, Monopoly, and Taxation.—Competition of Producers, by which Supply and Demand are kept nearly Level—Different Investments of Capital and Labour—Partial Glut—General Glut impossible, except through a Scarcity of Money.

MUCH confusion has attended the use of this word in political economy, which a simple analysis of its meaning might have obviated. In common language everything which is desirable, as health, wit, beauty, goodness, is said to have value. But political economy meddles only with things which are the subject of exchanges; and in the discussions of the science, value, therefore, must mean always commercial value, or *value in exchange*. In this sense, in order to have value, it is not enough that an object be desirable. Many things are highly desirable for their useful or agreeable qualities (as air, light, and water, for example), but yet under ordinary circumstances have no value—because their supply being unlimited and no trouble required from anyone to obtain as much of them as he can want, no one will give anything *in exchange* for them. The moment their *supply* falls short of the quantity required, —in other words, of the *demand*,—or that it becomes necessary to take some trouble to obtain the quantity required, they acquire an exchangeable value. On board ship—in the deserts of Africa—and in other places where the stock of *water* falls short of the

quantity required, it obtains a value, which rises with its scarcity. In cities, water is habitually sold at a considerable price; and this price is generally proportioned to the trouble necessary for supplying the quantity required.

When, then, we speak of the value of anything, we must always have reference to some object of comparison or exchange. In ordinary phrase, money is the understood object of reference, and the money-value is called the *price*, or what it will sell or exchange for. But money being merely, as has been said, some one commodity selected for particular qualities to be used as a general measure of value and medium of exchange, is itself liable to vary in value; it is therefore clear that value is not in strictness to be determined by reference to money. When employed alone, in scientific arguments, value must be understood to mean exchangeable worth in the general market, or what Adam Smith called "purchasing power." An object, in fact, whether gold, silver, corn, cotton, or any other article, is said to have risen or fallen in value, when it will command in exchange a larger or a smaller quantity of *other things* in the gross than before. The expression is purely relative. Nor can there be such a thing as positive, absolute, or real value.*

* Smith and some of his followers have insisted much on everything having a *real* value, which they define to consist of the quantity of *labour* required to produce it; and they accordingly call labour the natural standard or measure of value. But it is indispensable for a standard measure to be something both definite in its nature, and as nearly as possible invariable itself in value. Gold, silver, copper, or wheat, for instance, may be employed as standard measures of value with more or less accuracy, because at least we know precisely the distinguishing qualities of these objects; they can be easily identified in all times and places; and equal quantities of them will always at the same time and place be of

When a desirable commodity is to be obtained *in any quantity that can be required* by a *proportionate* outlay of labour, like water from a copious spring or stone from an inexhaustible quarry, its value will in the long run be determined solely by the comparative

equal value. But what can be more vague and indefinite in its meaning, or more variable in its value, than labour? In some countries labour is habitually far more severe and unremitting than in another; so that a day's labour in each by no means expresses an equal amount of exertion. Again, an hour's labour of one man may, in the same place, be worth a year's labour of another. It is impossible that anything so variable in meaning and value can be fitly employed as a fixed general measure of the value of other things.

It has, however, been urged by these writers that the exchangeable value of anything will always depend on the quantity of labour necessary to procure or produce it, and on this ground labour is proposed as the best measure of it value. One would have supposed that the commonest facts might have sufficed to prevent the promulgation of so false a position. What causes the workmanship of one artist to sell for ten times as much as that of another? Certainly not the greater proportion of labour bestowed on it. Why will a statue by Chantrey, a portrait by Lawrence, a novel by Scott, bring twenty times the money which the productions of inferior labourers will command? Why again is Tokay wine more valuable than *piquette*?—or old wine than new? Why an acre of land at Battersea than one on Dartmoor? a diamond than a bit of glass? an antique brass coin than a modern gold one? Not, surely, because of the greater quantity of labour worked up in them. It is true that these same writers sometimes attempt to qualify their rule by admitting exceptions in the case of those commodities whose supply is limited by monopoly, or the exclusive facilities for their production possessed by some individuals. But is there any commodity which is not more or less affected by monopoly? Is there any in the production of which superior advantages are not enjoyed by some parties over others, enabling them to obtain a higher price in the market? All land, to begin with, the primary source of *every* commodity, is, in nearly all civilized societies, monopolised. And the superior advantages of position or quality belonging to one tract of land over others, enable its owner to place a far higher value on its use than will just cover the productive labour employed upon it. All mines of coal and metal, quarries, woods, water-power, &c., are in the same predicament. And if we reflect that there is no commodity which is not, in part or altogether, made up of materials produced under these monopolies, we shall be led,

labour required to procure it. But most commodities can only be obtained at all in limited quantities, and when the quantity required, or the *demand*, exceeds the quantity produced, or the *supply*,—their value is proportionately enhanced. This permanent scarcity, or *rarity*, as it is called, is the cause of the greater part of the value of all precious stones and metals, superior works of art, scarce and fine wines, antiquities, and curiosities of all sorts. The increased value which the owners of such objects are enabled from their rarity to obtain for them, beyond the mere cost of labour or capital by which they may have been procured or produced, is called *monopoly* value; a monopoly, as we have already explained in speaking of the higher classes of labour, being the possession of some more or less exclusive advantage, enabling its owner to obtain a higher return than others for his capital or labour. The owner of the vineyard which produces Johannisberg, is in possession of a monopoly which enables him to put a much higher price on his wine than can be obtained for the produce of other vineyards cultivated with the same expenditure of labour and capital. A person passing through the streets of a town is struck by a

perhaps, to conclude that the proposition of the economists in question is the very reverse of the truth; and that there is scarcely any thing the value of which is solely determined by the quantity of *labour* required to produce it.

The fact is, that all these attempts to identify value with labour, or to distinguish *real* from relative value, are founded in a gross misconception of the nature of value, which, as we have said above, like length, weight, bulk, or any other quality susceptible of measurement, has essentially a relative only, not a positive meaning. What is *real length*, or real weight, or real bulk? Just as unintelligible as *real* value. Value is "comparative estimation as an object of exchange;" and when used without reference expressed or implied to any particular commodity as its measure, means *general* value, or value in exchange against goods in general: as Adam Smith phrased it "purchasing power in the general market."

stained and dirtied piece of canvas at a broker's door. He buys it for a trifle, cleans it with a little labour and expense, and it proves to be a Claude or a Raphael, worth a hundred times after this discovery what it was before. It is the rarity of fine pictures by such artists that confers a monopoly value on them. Objects which are *unique* of their sort are often of great value in consequence. When there are but two known copies of a scarce work, it has happened that the possessor of one has bought the other at an extravagant price, for the purpose of destroying it, his single copy being, in its unique state, of greater value in the market than the two were before. Monopoly value arises likewise from other circumstances of considerable moment, and particularly from the following:—

Many, indeed the larger proportion of goods in every market, can be supplied in increased quantities only by an *increased proportionate* outlay. This principle teems with very important consequences, and follows necessarily from a very simple circumstance, which if it had received the attention it deserved from political economists, might have prevented their falling into no little confusion and error.

Value, we must beg our readers to observe, has a strict relation to *time* and *place*. The value of a thing is the quantity of other goods or of money, that is, the *price*, it will command *at a particular time and in a particular place*. A thing may have a high value at one time, as ice in the dog-days; and no value at another, as the same ice in January. Again, that which is of little value in one place is of great value in another; as the old proverb about coals at Newcastle teaches. When, therefore, the value of anything is spoken of, reference is made, or understood, to some particular time and place; and when value in the

general market is spoken of, the average of local markets is intended; and, unless otherwise expressed, the present time.

Few objects are either sold or consumed at the same time and place where they are created. Nearly all articles require both more or less of time and labour, not merely to grow, prepare, and put them in marketable condition, but likewise to bring them from the spot where they are prepared, to the market or place where they are sold. In fact, the greater proportion of the most important objects of commerce—those which compose the food of man, and the raw materials of his clothing, comforts, and luxuries,—are raised by cultivation from the surface of the earth. But the process by which they are raised is one which requires much *time*—a season at least, often many—as well as *an extensive surface of soil;* and a very small proportion of them are consumed on the spot where they are grown, or immediately upon their production. Consequently, the *cost* or expenditure necessary to produce these things for the bulk of their consumers, must consist not only of the *labour* of raising them, but likewise of the *time* consumed in their growth and preservation, and also *of the time and labour employed in bringing them to market.*

The value added to goods by the *time* necessary for preparing, preserving, and bringing them to market is, as we have seen, charged as capital expended. That the cost of carriage of goods from the spot where they are prepared to the market where they are sold, is likewise a main element in their value, will not be disputed. In some articles, as stone, coals, water, &c., it makes up by far the greater part of their cost. In order to diminish this as much as possible, the demand of a particular market for any things which are raised by

cultivation of the soil will be supplied from the soils nearest at hand, that are most fitted for the purpose. But it is obvious that as the demand in that particular spot increases, the supply has to be procured at an increased cost, either from *more distant soils*—causing an increased expense of carriage to market—or from such soils as, though near at hand, are of inferior productive quality to those first taken into tillage—that is, which require a greater expenditure of labour and capital upon them to insure the same quantity of produce. It is, however, certain that there cannot be two prices (or values) for goods of the same quality, in the same market and at the same time; since no seller will take less from one buyer than he can get from another, and no buyer will knowingly give more to one seller than another will take for the same article. The *competition* of buyers and of sellers with one another in the same market, will always bring the value of articles of the same quality in one market to the same level. It follows, then, that as the demand in a market for such objects as are produced under the circumstances just spoken of increases, the value in that market *of the whole supply* of them must keep up to the level of the value of that part of the supply which is produced in the market at the greatest cost. If this portion of the supply could not command that price (excluding, of course, the results of temporary and accidental miscalculations) it would not be brought to market. And if that portion can command that price, so will all the rest of the quantity sold. The producers of this last portion will be repaid *precisely* for the labour and time they have consumed in growing or fabricating their article, and bringing it to market (in other words, the *costs of its production*,—the capital employed in producing it being replaced with a suitable profit, and the

labour repaid at ordinary wages). But the producers of all the other portions which were produced under easier circumstances will get a *surplus* beyond the costs of production. And this surplus will be the greater in proportion to the greater *comparative* advantages of proximity to the market, quality of soil, facility of communication, or other favouring circumstances, under which their produce was raised and brought to market.*

It is this surplus that constitutes the *rent* of land; at least, that particular part of the rent of land which arises from monopoly, or its superior advantages over other lands cultivated for the supply of the same market. If the cultivator of the land is likewise its owner, he puts this surplus (or rent) into his own

* We beg the reader to observe that whenever we employ the word to *produce*, or any of its derivatives, producer, production, and produce, we have reference to the production of an article *at the market where it is offered for sale.* It would be very convenient and tend materially to settle many disputed questions of political economy, if all writers would bear in mind and adhere to this rule in their employment of the term. The producer of corn is properly not the farmer alone who raises it from the soil, but the person, whether farmer or corn-dealer, who *produces* it at the market. The farmer is the grower simply, until he, or some other for him, brings it to market and offers, *i.e.*, produces it for sale. The cost of production includes the cost of carriage to market, as well as of the growth of the corn. In manufactures, it is not the man who weaves the cloth or cotton that is its producer, but the person who, having defrayed the costs of the raw material, the manufacture, and the carriage to market; of the whole operation, in short, to which its existence is owing, *produces* it there for sale. So the producer of an article, raised or fabricated abroad to be sold in this country, is not the foreign grower or manufacturer, but the person, whether foreign or native, who produces it for sale in our markets. When we arrive at the discussion of the question of Free Trade, it will be found that the vague use of this term has occasioned much obscurity, which is at once cleared up by its correct and strict application in the sense we have assigned to it. (To produce, *v.a.* to offer to notice; to exhibit to the public; to bring forward.—*Johnson.*)

pocket. If he occupies the land of another, he pays over the surplus, as rent, to his landlord; who it is obvious, on the average of years, will not be willing to let his land for less rent than the surplus which he or any other person might gain from its cultivation, after replacing the capital employed with a fair profit, and allowing a fair remuneration for the labour of the cultivator.

Rent, however, it must be recollected, in Great Britain and similarly circumstanced countries, includes, in its ordinary acceptation, many other things besides the monopoly-gain arising in the manner we have described from *natural* or *casual* advantages, whether of soil or position. A vast amount of labour and capital has been laid out by its successive owners or occupiers; much of which remains permanently invested in the soil, adding to its value and productiveness. And the portion of rent which is attributable to these *acquired* or *artificial* advantages must be considered as representing the profit on the capital so expended. If the expenditure were to be calculated which has been from first to last laid out in permanent improvements of the land of this country,—for example, in the original clearing and enclosure, drainage, making of roads, farm-buildings, fences and gates, pools, water-courses, plantations, irrigation, &c., it would, perhaps, appear that the larger part of the rent received for landed estates consists of the necessary profit on this outlay. Of the remainder, part accrues from peculiar advantages with respect to proximity to markets, or manures; part from superior natural fertility of soil. It is to this last portion only of the ordinary rent of land that the greater number of political economists have confined their attention; and this exceedingly narrow and imperfect view of the nature of rent has necessarily led

them into much inconsistency and error.* The two last portions of rent—which are, in fact, one and the same, since superior natural fertility is no source of rent, except it be conjoined with facilities of access to a market—possess all the character of monopoly-gains.

Monopoly we have defined as the exclusive possession of some superior advantage over other parties engaged in supplying the same market, enabling its owner to derive a proportionately larger gain from the same expenditure of labour or capital. Competition is the antagonist principle to monopoly. Each producer is constantly struggling to increase to the utmost, and make the most of, his own advantages over others; and, of course, his efforts tend at the same time *indirectly* to reduce the superiority of others over him. The result is a vast increase of production, by which

* "Rent," says Mr. Ricardo (and Messrs. Macculloch, Mill, and many other economists have adopted his definition)—"Rent is that portion of the produce of the earth which is paid to the landlord for the use of *the original and indestructible natural powers of the soil.*"—(Ricardo, Pol. Econ., chap. ii.; Mill's Elements, p. 39; Macculloch's Principles, p. 431.) This definition excludes all that large portion of rent which we have noticed above as resulting from artificial improvements; as well as all that other large portion which is the consequence of favourable position with respect to markets, communications, manures, &c. How much of the rent of English estates depends on the first class of circumstances? How much of the rental of land in the neighbourhood of London, Liverpool, or Manchester, on the second? The "original indestructible powers" of the British soil were the same in the time of the Heptarchy as they are now. How is it then that they brought in no rent, or next to none, at that time? If rent depends solely on natural fertility of soil, why do some acres of land in England let for ten pounds a year, while an acre of equal fertility in Canada will not command a sixpence of rent? Whilst this school of political economists declare rent to be solely owing to the "difference in natural fertility of soils," and build their whole science upon this principle or "theory of rent," as they call it, other writers pull this theory to pieces, and in its place set up another, viz., that rent is solely owing to the "pressure of population against produce, causing rise in prices."—(*Westminster Review*; True Theory of Rent, &c.) This

the public, in its capacity of general consumer, gains a proportionate advantage.

The term Monopoly carries with it in vulgar estimation an odium which is, in truth, only due to such monopolies as are gained by unfair means, force, or fraud. If a man by the fair exercise of his natural, acquired, or accidental advantages, obtain a larger return for his labour or capital than others, no one disputes his right to it; and, indeed, inasmuch as such higher returns form the main inducement for the acquirement, cultivation, and exercise of superior advantages, the result of which, viz., increased production, is so great a benefit to society—it is evident that monopolies of this kind are not merely harmless, but eminently useful. They hold up to public view the prizes that are to be gained by excellence of any kind in the race of production. They encourage industry and excite emulation. And even those which appear the result of accident solely, are not without their use. They help to relieve the monotony of society, and cause

explanation, however, is not much nearer the truth than the other. Rent may certainly exist in a society whose numbers are in no degree excessive; nay, it may increase at the same time with an increase in the productiveness of agriculture, and in the share of its produce falling to each individual inhabitant; just as it may arise and increase where all soils are alike in fertility. It is, in fact, the simple consequence of an increased *local* demand, requiring an increased *local* supply—which supply must be procured either from inferior soils close at hand, or from better soils at a greater distance. It may, and often does happen, that the increased supply can be sold, through continued improvements in agriculture or the arts, at a *less price*, or can be commanded by the *individual* consumers in *greater quantity* than at an earlier period: and yet there will be an increase of rent arising from the superior advantages of position or quality, &c., of some lands over others, for supplying the actual demand. The rent of agricultural land may be defined, then, as the difference between the expense of producing that portion of the required supply for a particular market, which is produced under the least favourable circumstances, and that produced from the land which yields the rent.

that unequal distribution of wealth, which, when not carried beyond the wholesome limits to which fair and free competition will, we believe, always confine it, may be compared in its effects to the beneficial inequalities in the physical surface of the globe, which bring a great variety of climates and productions within a limited compass, and are essentially necessary for distributing over its surface that fertilizing fluid from which the freshness, verdure, and vigour of its vegetation are derived.

The exclusive legal ownership of land possessing superior advantages of any kind, natural or artificial, of fertility or of position, is, as has been shown, a monopoly of this harmless, or rather beneficial kind, which enables the owner to obtain a *rent* from those who cultivate it, or, if he cultivate it himself, to *make* a rent, proportioned to the peculiar advantages of his particular estate over lands that are habitually engaged in supplying the same market under the most unfavourable circumstances.

The owners of most mines, fisheries, forests, &c., enjoy a similar advantage of monopoly. Those which are naturally most prolific, or best situated for supplying the principal markets, afford the largest returns to their owner, after replacing the capital and paying the labour employed in working them. And if instead of working the mines, fisheries, &c., himself, he prefers to let them out to be worked by others, he will obtain through the competition of capitalists, willing to undertake the business, if they can only secure the ordinary returns of capital and labour—a rent consisting of the surplus produce of each particular property beyond these returns, and of course proportioned to the peculiar advantages of each.

The possession of superior machinery, of secret or

patented processes, or of skill, talent, ingenuity, or knowledge, applicable to any of the arts of production, is likewise, as we have seen, a monopoly, enabling their possessors to employ their labour or capital to greater advantage than others, and, consequently, to get a greater return for it, a higher profit, or a larger wage. Some of these advantages may even be, and are occasionally, let out by their owners to other parties at a rent.

The value of any monopoly to its owner is measured by the superiority he enjoys over the least favourably situated of all his habitual competitors in the same market. These could not afford to continue supplying the market, *for a permanence*, unless they obtained the average return; that is, as high a return for their capital or ability in that, as they could obtain in any other employment. But, however much the owner of such a monopoly may gain by its possession, the public *sustains no loss*. The rent of land, for example, or the extra value conferred on land by its superior fertility, favourable position for markets, &c., adds nothing to the selling price of landed produce. It is entirely a vulgar error to suppose that rents affect prices. If the landlord were to renounce his rent altogether, this would in no degree affect the demand or supply of the market, and prices would remain unaltered. The cultivator of the best or nearest lands would still ask as much for his corn or cattle as he could get, and this would be determined by the terms upon which the cultivator engaged habitually in supplying the market under the least favourable circumstances of soil and situation, could afford to send it there. The only consequence of a complete abolition of monopoly rents,*

* What is here called monopoly rent, is, by Professor Cairnes called "*Economic Rent*.

would be to put them in the pockets of the farmers, under the name of extra profits—in short, to turn the farmers into landlords. But society could gain no advantage by thus prohibiting the owners of land or any other valuable exclusive property from letting out, if they please, their possessions to others for productive employment, instead of personally engaging themselves in their business. And, on the contrary, there is a very evident advantage accruing to society from the existence of an independent and wealthy class of persons, disengaged from the necessity of constant personal attention to their affairs, and, therefore, enabled to give up their time gratuitously to literary and scientific studies, or the performance of public, but unpaid duties. It is from this class that the ranks of our legislature and magistracy, our authors and men of science, must be chiefly recruited. And it is, moreover, from the elevation of mind and manners, the refinement and intellectual polish which leisure and easy circumstances enable this class to attain, that much benefit descends to all the other classes, in the example afforded them of a higher taste for the comforts and decencies of life, and a higher standard of enjoyment than the gratification of mere animal wants.

It is not easy to define accurately in words the distinction which separates beneficial, or harmless, from injurious monopolies. Generally speaking, as we have said, that which results from superiority acquired and exercised in a fair and open manner is beneficial; such as are obtained or supported by fraud, or force, are publicly injurious. No one blames Chantrey or Lawrence for charging as high a price as they can obtain for their productions. No one disputes the general advantage of allowing the grazier who produces the best ox, or the farmer who brings up the finest sample

of corn, in the market, to carry away the topping price. No one doubts the right of a merchant, who from superior sagacity has foreseen the probable future deficiency of some article in the market, and provided a stock of it against the time, to make what extra profit he can of his speculation. Again, no one quarrels with Lord Grosvenor or Lord Portman, for charging as high a ground-rent as they can obtain, even though it reach a guinea a foot, for their land in the parishes of Marylebone or Kensington. But if the owners of land in the vicinity of a populous and wealthy town, not content with the extra price or rent they may freely command for its employment as building-sites, pleasure-grounds, market-gardens, accommodation-pastures, and from the saving in the expense of conveyance of its produce to market, occasioned by its proximity—if, we say, not content with these accidental and natural, but just and fair advantages, they were to attempt to enhance the value of their monopoly, supposing them to have the power, by any legislative interference with the freedom of trade, as for instance, by interdicting the inhabitants of the town from obtaining their supplies of vegetables, meat, butter, &c., from other lands—such monopoly would undoubtedly be one of a most unfair, pernicious, and shameful character. It would be nothing less than a conspiracy to raise the price of necessaries. The corn law, in as far as it acted, or was intended to act, in raising the rents of the landlords of this country, at the expense of the consumers of corn, by preventing their access to cheaper though more distant markets, was a monopoly of this description. So also, the high duties on foreign fruits, vegetables, eggs, butter, cheese, &c., all now, 1873, long since happily abolished.

Other examples of injurious monopolies are afforded in the exclusive privileges to carry on particular trades,

or deal in particular commodities, which governments have sometimes, with short-sighted policy, granted to individuals. There are, perhaps, some rare circumstances which may justify the *temporary* concession of such privileges; as when they are proved to be necessary for the encouragement of an infant trade from which much ultimate benefit is rationally expected—like that of the East India Company when first formed—or for the rewarding of successful ingenuity, as in the case of patents; but these concessions, if at all admissible (which is doubtful), form but rare exceptions to the general rule, which is decidedly against all such privileges. Unquestionable proof of their specific utility should be required before they are conceded, since they are a direct infringement of the *rights* of all to the free direction of their industry. It may be strongly suspected too, *à priori*, that any business which is not promising enough to go alone without nursing, or stand the wholesome breezes of competition, is not likely to be generally beneficial, or to succeed eventually in gaining sufficient strength to support itself.

Another hurtful kind of monopoly is that obtained by the combination or conspiracy of parties, who being enabled to command the entire supply of any article to a market, use this power for the purpose of putting an extraordinary price upon it—restricting the supply to the community, in order to enhance its value, and, consequently, to increase their surplus profits upon their expenditure. An instance of this is the notorious combination of the great coal-owners of the north, which was exposed in a late committee of the House of Lords. Another, that of the companies by which London is supplied with water and gas, who have divided the town among themselves, engaging mutually to confine

themselves within their several districts ; by which they are enabled, without fear of competition, to charge the public an exorbitant price for these most necessary articles, and clear extravagant profits for their shareholders. If any attempt is made by a stranger to compete with these banded monopolists, they can by their combined influence and by a temporary relaxation of their prices, deter him effectually from the vast outlay of capital which would be necessary before he can even commence his competition, and having thus driven him away, they can return to their old charges. So that the public are completely at their mercy.

If monopolies of this character are carried to an extent which inflicts serious injury upon the mass of the people, by enhancing the price and restricting the supply of the first necessaries of life, it is incumbent on the government of the country to interfere for their abolition. The law which secures to any one the exclusive property of a spring of water or a mineral vein, is, after all, sanctioned only by its subserviency to the public welfare. And when this is notoriously and unquestionably obstructed by the mode in which the owner of the property exercises his power, the private must be made to give way before the public right. The possession of such an exclusive property assumes the character of an obnoxious exclusive privilege conferred by law, and ought, like all privileges of that nature, to be modified, or repealed altogether, as the interest of the community may require.

The law, in fact, does continually interfere in this way with the rights of private property. If a road, or canal, or railroad is required for the public convenience, Parliament makes no scruple of compelling the owners of the lands through which the line passes to give up the necessary space for it, on receiving a fair compen-

sation for their land at its ordinary value. And nothing can be more equitable than such a practice.

For several centuries there prevailed a strong prejudice in this country against the forestallers of corn and other provisions—dealers, that is, who, in the apprehension of a scarcity, buy them up, with the intention of obtaining a monopoly of the market, and being able to retail (regrate) them out afterwards with a high profit. But the growing enlightenment of the age has placed within the comprehension of nearly every one, that such a process is, on the whole, far more beneficial than hurtful to the people who consume the provisions. And this because the forestaller, anticipating the dearth of provisions at an earlier period than others, by his demand raises their price, and thus discourages their consumption, and diminishes the severity of the subsequent scarcity. The forestaller may gain a high profit by selling dear that which he bought cheap; but if his sagacity had not led him to speculate on obtaining this high profit, by large purchases and reserves, the probability is that in the end there would have been no supply at all for the public; at all events, much less than had been secured by his providence. In fact, such speculating provision-dealers tend by their operations to distribute the supply pretty equally throughout the year, which, without their aid, stimulated as it alone is by the hope of monopoly-profits, would be necessarily so irregular as to occasion profusion and waste at one period, dearth and famine, as their consequence, at another.

The true rule, therefore, with respect to monopolies seems to be that every one should be left at liberty to avail himself of whatever peculiar advantages fall to him by accident, or through his own exertions *fairly* exercised in concurrence with other competitors—but

that no one be permitted to increase his own superiority by destroying, or unfairly restraining the powers of others. And likewise that the law (except in extreme cases, when the public benefit is unquestionably interested) should abstain altogether from either conferring exclusive advantages, or breaking them down when adventitiously established and not unfairly exercised.

What we have now advanced on the elements of value makes it evident that the value (or selling price) of an article at any time and place is determined by the proportion of the demand to the supply at that time and place. And it is a change *in* that proportion which occasions the rising or falling of prices. The extent of the demand for, and supply of, articles, and, consequently, their relation to each other in any market, is liable to be affected by a variety of circumstances, some temporary, others more or less permanent in their operation.

I. The extent of the *Demand* for a thing depends on the intensity of the desire for its possession among a larger or smaller number of persons, and likewise upon their means of purchasing it. As Adam Smith long since said, "Every beggar may desire a coach and six," but to be *effectual*, to make itself sensible as a demand to the coachmakers, the desire must be accompanied by a power of purchase,—that is, by an equivalent supply of money or money's worth.

The demand for those objects which are employed as the principal subsistence and necessary comforts of a people varies least of all, being chiefly determined by the number of the population to be supported, which is not liable to sudden change, and to their tastes and habits, which, though varying in the course of long

periods of time, are equally unsusceptible of *sudden* fluctuations. A deficiency in the means at the disposal of the mass of the population for purchasing the necessaries of life—such as is occasioned by a sudden rise in their price unaccompanied by a proportionate rise in the wages of labour, cannot but diminish the effectual demand for them; not however in the proportion of the increased price, every other possible sacrifice being naturally made to obtain a sufficiency of necessaries. A fall in the price of these things, on the other hand, *does* occasion a fully proportionate increase of demand; at least in those countries, and they are unhappily many, the bulk of whose inhabitants are at all times ill-supplied with necessaries, and, therefore, limited in their demand for them only by a deficiency of their "power to purchase."

The demand for articles of ornament and convenience is liable to much more rapid and frequent changes. The caprice of man exercises, it is well known, a far more powerful sway over the intensity of his desire for superfluities, than over his necessary wants. *Fashion* prides itself on singularity, and is ever in search of novelty. So that change is of its very essence. And such changes must occasion a proportionate fluctuation in the demand for these articles, as well as for all such as are consumed in their production and supply. The introduction of a new article which obtains favour with the public, will suddenly give rise to a new and extensive demand for that particular commodity, and proportionately diminish the demand for some other whose place it takes. Thus cotton or Berlin gloves were, a few years back, very generally substituted for leather gloves, to the great temporary detriment of the makers of the latter article, and the proportionate benefit of the cotton hosiers. The gilt-button makers have been

severe sufferers from the general introduction of the fashion of covered silk buttons. At one time printed cotton goods are the universal wear, and the next year silks, perhaps, are in almost equal vogue. A general mourning raises the demand for all dark goods, and depresses that for the gayer fashions. For some years Sheffield profited largely from an immense demand for steel crinolines, now quite disused. Fortunately for the producers of such articles of dress, these changes of taste, though often very rapid in a particular class, never occur simultaneously throughout all the classes of society. A mode of dress which has *gone out* of fashion among the higher and wealthier ranks, will perhaps be just introducing itself in the middle class, to descend, when the latter have worn it out, to the lower and more numerous. So that the demand when slackening in one quarter is usually increasing in another. And the stuffs which have been long discarded by those whose caprice originates a fashion, are for a considerable time afterwards in full demand among a herd of tardy imitators, whether at home or in the Colonies.

The *supply* of goods is determined by the circumstances that affect their production, and is subject to as great variations as the demand. Those things which are raised directly from the soil by agriculture, comprehending not only food, but the raw material of nearly all manufactures, are liable to frequent fluctuations in their supply, from the variable character of the seasons. Abundant crops occasioned by favourable seasons cause the market to overflow with a quantity of such commodities far beyond the average supply. Unfavourable seasons create a general deficiency below the average. Other obvious circumstances often affect for a time the supply of a market with particular

commodities, such as the early setting in of a frost by which the harbours in high latitudes are blocked up before the vessels loading there can get away—the imposition of an embargo on the exporting harbour—or the interruption of the commerce between different countries by the breaking out of war.

These causes of variation in the supply of goods are more or less temporary and casual in their nature. The circumstances which determine permanently and on the whole the average supply of goods to meet the demand for them, are those which may be included under the general designation of their *necessary costs of production.*

The cost of producing any article comprehends, 1. The labour, capital, and time required to create and bring it to market in sufficient quantity to meet the effectual demand for it. 2. The additional charges occasioned through *the entire* supply being produced under monopoly of any kind. 3. Whatever additional charges are occasioned by the amount of *taxation*, to which it, or any of the materials employed in its production, may be subjected by the authorities possessing that power.

1. That portion of cost which consists of the labour, capital, and time, required for creating and bringing to market a sufficient supply of the article, is by far the most important. The *money-cost* of the requisite *labour* will depend, on the current or ordinary remuneration of the particular kinds of labour employed at the several places where they are put into requisition. Thus the expense of producing corn in Great Britain will materially depend on the current wages of agricultural labourers in this island. Any general fall or rise in the wages of any class of labourers engaged in production, goes to lower or raise the money cost of the

articles they produce. Hence the continual struggle between labourers and their employers, as to the rate of wages; it being the direct *immediate* interest of every employer to diminish this main item in his expenses, with the view of increasing his share of the sum for which he expects to sell his commodity. The relations of employers and labourers will be considered hereafter at greater length.

Again, the money-cost of the *capital* consumed will depend, not on its amount only, but also on the time during which it is engaged, the risks to which it is exposed, and the current rate of interest which its owner will, of course, expect to receive for its employment.

But the *real* cost, or actual amount of labour, capital, and time required for the production of any thing, will vary with the greater or less skill, knowledge, and appliances of all kinds available in aid of it.

Every improvement in the processes by which commodities of any kind are produced contributes towards the great end of lessening this cost by the saving of time, capital, or labour. Every step that is made in any of the arts and sciences subservient to production tends directly to increase man's power over nature—to render a fixed amount of his labour more efficient, that is to say, productive of a larger amount of the objects of his desire. Some of the most striking of such improvements are those continually made in the means of communication. The formation of new roads, canals, and railroads, with the introduction of steam navigation, have been most conspicuous among the causes which have operated of late years, and in this country especially to reduce the cost and facilitate the supply of commodities, particularly of the more bulky articles. An instance in point is afforded by the vast increase in

the traffic between Ireland and the western coast of England since 1824, the period when steamboats were first employed in the Irish channel. The markets of this island have thus received a prodigious addition to their supplies of provisions. Lancashire has especially profited, from the contemporaneous opening of her great railroad, which receiving the Irish produce from the vessels at Liverpool, carries it forward with the utmost expedition, and for a trifling charge, to Manchester and its neighbourhood. Fresh meat, eggs, and butter, are thus conveyed with almost miraculous cheapness and celerity from the very centre of Ireland (whence canals take them to Dublin) into the heart of the most populous manufacturing districts of Britain. The cost of provisions in these latter places must be proportionately diminished. [It is needless to multiply examples of this fact from more recent experiences of the conveyance of goods by the network of railways that now covers the country. One instance is, perhaps, enough, viz., that 5 to 600,000,000 eggs were imported from France, and many thousand tons of poultry in 1873.]

The *capital* employed in production consists chiefly of appliances of various kinds for facilitating labour. The main object of the invention of tools and machines of every description is the economy of labour, with a view to diminish the real cost of production. It is chiefly to the wonderful progress made of late years, and especially in this country, in the arts of mechanical invention, that we are indebted for the superiority of modern society over that of earlier ages, in the abundance of luxuries, comforts, and conveniences at the disposal of nearly every class. The immense wealth that has been produced and accumulated in this country of late years is almost wholly to be ascribed to the stupendous inventions and discoveries of Watt, Wedg-

wood, Hargraves, Arkwright, Compton, Cartwright, Stevenson, and a few others. "These added so prodigiously to our capacities of production that we went on rapidly increasing in population and wealth, notwithstanding an expenditure of blood and treasure unparalleled in this history of the world. It is believed that an individual can, at this moment, by means of the improved machinery now in use, produce about two hundred times the quantity of cotton goods that an individual could produce at the accession of George III. in 1760! The improvement in other branches, though for the most part less striking than in the cotton manufacture, is still very great; and in some, as in the lace manufacture, it is little, if at all, inferior."* The loom is one of those inventions which have most signally advanced the productive capacity of man. "Ulloa mentions that the Indians of South America have no other method of making cloth than by taking up thread after thread of the warp, and passing the woof between them by the hand; and he adds that they are thus frequently engaged for two or three years, in the weaving of hammocks, coverlets, and other coarse cloths, which a European would, by means of his hand-loom, produce in as many days, or with the power-loom hours."

Facts like these strongly illustrate the immense benefits derived by society from improvements in machinery, by which the *real cost* of consumable goods—or the time and labour required for their production—are diminished. The prejudice against machinery, once prevalent amongst the poor and ignorant, and which has often shown itself in outrage and rioting, arises from the circumstance that any change in the *mode of*

* *Edinburgh Review*, No. cxii. p. 314.

production of particular goods throws out of employment for a time many of those who were occupied on the superseded method; and who are unfitted, by their habits, situation, want of skill, and other circumstances, to supply the demand which must immediately spring up, somewhere or other, for labour of another kind, to be employed in the improved method. The pressure of such changes (like that we have traced to changes in fashion) is often very severe and enduring; as in the instance of the unfortunate hand-loom weavers, who were for many years engaged in a hard but unavailing competition with the improvements of the power-loom. And these sufferings ought, undoubtedly, to be mitigated at the expense of society, by direct relief, but still more by the adoption of means for facilitating the transition of labourers from one branch of employment, or one locality, in which they are no longer wanted, to other employments or places in which the demand for labour is brisker. Any *interference* with improvements from which society at large profits so greatly, for the sake of *protecting* the particular classes engaged in the employments about to be superseded, is obviously indefensible.

Interference has been often asked for by the sufferers in these cases, and their advocates. But such a principle, once admitted, it is evident, would tend directly to stop all improvement; it would have necessitated the prohibition of printing for the protection of manuscript copyists—of steamboats for the protection of sailmakers—and of bridges for the protection of ferrymen: it would go to prevent the employment of every contrivance by which human labour is aided in any branch of industry, and reduce us, as was well observed by a Glasgow operative before a Committee of the House of Commons, to the teeth and nails as our

sole instruments of production. The sure result of every improvement in machinery is an increased production of the means of enjoyment. Whatever partial evils attend that beneficial result, may and ought to be mitigated by other means than by placing obstacles in the way of the march of improvement.

Capital, which consists in tools or machinery, is more or less durable, and will usually aid in the successive production of a large quantity of commodities before it is wholly consumed. The portion of such capital that is consumed in production enters as an element into cost, together with the current rate of profit upon it, for the time during which it has been advanced. Thus the cost of one hundred quarters of corn to the grower includes, besides his labourers' wages and his own, the value of that portion of his stock (viz., seed-corn, ploughs, harrows, and other implements, horses, horse-provender, manure, &c.) which has been consumed in raising his crop, together with the current profit on the value of every several portion of this capital for the time during which it has been employed in the production of his corn. Hence improvements, which save any part of the time necessarily consumed in the business of production, effect a material reduction in the cost of the produce, by lessening the amount of profit chargeable on the capital employed, as well as the amount of wages chargeable for the labour of those who assist in, or superintend, the work. The improvements we have just noticed in communications of every kind, and, above all, the extraordinary acceleration which has taken place of late years in the conveyance of both public and private intelligence, throughout this and other countries, have contributed in a remarkable degree to diminish the producing costs of many objects by enabling their producers to save much of the time

which was formerly wasted in the intervals between the different stages of the process of production, as well as between its completion and final sale. If a manufacturer is able through such circumstances to turn his capital twice in the year, where formerly he could have turned it but once, that portion of the producing cost of his article which consists of the profit on the capital employed, and of the wages of himself, and, perhaps, several of his assistant labourers, his clerks, &c., will be but half what it was at a former period.

2. When the entire supply of a commodity, or of any of the elements necessary to the production of a commodity, is produced under a monopoly, the extraordinary charges which the owner of the monopoly is thereby enabled to make go to swell the amount of its cost. Thus the proprietor of a patent or secret process, by which a particular article is exclusively produced, has it in his power to charge a monopoly price for his article beyond the amount of the ordinary wages and profits on the labour and capital consumed in its production. So the owner of a vineyard, which, like that of Tokay, or Chateau Margaut, exclusively produces wine of a peculiarly fine quality, is enabled to raise the price of its produce to those who buy of him far beyond the ordinary remuneration for the capital and labour expended upon it. So too, the Peruvian Government, having the monopoly of the Guano Islands, are enabled to charge some millions for that manure to the agriculturists of this country. And these extraordinary charges enter into the *producing cost* of the article, because their payment is the *necessary condition* of its production for sale. Unless their terms are agreed to, the monopolists may decline to produce or sell the article at all. All commodities which, in any stage of their production, or in any one

of their necessary elements, are subject to similar charges for *exclusive* powers or privileges, are proportionably raised in producing cost. And their cost is proportionably lowered by the breaking down of any such monopolies, and the opening to all of the power or privileges so exercised by a few. But it must be observed that the payment of all such monopoly charges is wholly voluntary on the part of the consumer, who has no right to complain of its exaction, so long as he is left free to purchase or procure the article, or a substitute for it, in any cheaper manner if he can. It is, indeed, only the competition of those who desire to possess the article which enables the monopolist to obtain the high price for it.

When, however, only *a portion* of the entire supply is produced under a monopoly, the necessary cost of the article is not affected by such monopoly, but consists solely of the labour, time, and capital required to produce *that portion* of the supply which is brought to market under the least favourable circumstances to its producers, and, consequently, under no monopoly. Though the parties concerned in the production of the remaining portion of the supply receive a monopoly profit, they do not thereby raise the price of their article. It is out of their power, by refusing to produce, or by any other means, to raise the price one jot beyond that at which the commodity can be supplied by other parties who will be content to get the current profit on capital and wages of labour. The proprietor of a peculiarly rich or well situated coal mine, for example, obtains a monopoly profit upon his produce, consisting of the difference beween the cost of producing the article from his mine, and the cost of the same article from the poorest or worst situated mine of all by which the market is habitually supplied. But the price of the entire supply

of coal is determined by the cost of this latter portion, and is, therefore, in no degree raised by the superior advantages enjoyed by the owner of the best mines. The same law, as we have already seen, applies to all raw produce derived from land ; the cost of which is in no degree affected by the rent of the best lands ; but is determined by the labour, capital, and time required for its production from the least favourably situated lands of all that habitually supply the same market.

3. It is obvious that the amount of *taxation* to which a commodity is liable, in itself or any of its component elements, must add just so much to the cost of producing it for sale in the market, together with the current rate of profit on the sums so paid for the time during which they have been advanced. A diminution of the customs duties on foreign produce, or of the taxes levied on articles of home growth or manufacture, or on any of the materials employed in their production, has the effect of diminishing their cost to the producer. So also the breaking out of a war, by increasing the premium on marine insurances, adds to the producing cost of all imported goods.

It is quite evident that the cost of producing any article must in the long run determine its price (or selling value.) For unless a price can be obtained sufficient to cover this cost, no one will continue to produce it for sale at that expense.

A sudden increase of demand, or a casual deficiency of supply, will frequently raise prices above this level ; as a diminished demand, or an accidental increase of the supply beyond the demand, will lower them beneath it. Such effect is, however, but temporary. The constant tendency both of demand and supply is to come to an equilibrium, and the point about which they oscillate is that selling price of the commodity which

will just cover the cost of its production at that time and place.

Should the price fall below this level, producers find that particular branch of industry a less advantageous mode of employing their capital and labour than others, and some are, therefore, led to discontinue it; or those who were on the point of embarking in it are led to prefer another occupation. The supply is thus generally diminished, until it is brought down at least to the level of that extent of demand which will pay the producing cost.

When, on the other hand, the supply is deficient as compared to the demand, the price rising in consequence above the cost of production, producers are encouraged by an increase of profits to enlarge their business, and invest additional capital and labour in that particular trade, until the increased supply meets the demand, and brings down the price to the level of the producing cost.

These oscillations of price about the mean level of the costs of production are continually taking place;—the circumstances which influence supply and demand being of so complicated a character that the one can never for a length of time remain exactly adjusted to the other. The producers can never anticipate with precision the extent of the demand, and will, therefore, usually be something within or beyond it. Moreover, as we have seen, supply and demand act and re-act on each other. An increased supply, by lowering price, not only tempts those that employed the article previously to enlarge their consumption, but likewise brings it within reach of a wider circle of consumers, who acquire a taste for it which usually continues even when the price has again risen. Hence a permanent increase of demand is generally established by a temporary fall

of price. An increased demand by augmenting profits attracts fresh speculators into the business, and in turn raises the supply.

The *competition* of individual producers is in this way constantly tending to equalize the supply and demand. Each acting in his own sphere, actuated by the instinct of self-interest alone, endeavours to produce as much as he can sell with a fair profit, and yet to produce no more than he can so dispose of:—each and all endeavour, for their several interests, to *keep the supply full, but to prevent excess.*

Competition is, indeed, the soul of industry, the animating spirit of production, the ever-present, all-pervading elastic principle, which, like the power of gravitation on the atmosphere and ocean, fills every vacuum in the market of exchanges—equalizes the quantity of every commodity to the necessity for it—and preserves their relative values at the mean level of their comparative estimation in the regard of the great body of consumers. Every one who sees his neighbour getting an advantage which lies open to himself—a higher profit or a larger wage—anxious to share in the benefit, starts as his rival, if it be possible for him to do so; that is to say, where no monopoly interferes to prevent him; and the number of competitors who thus throw themselves into any peculiarly advantageous business, must speedily reduce its profits to the general level, and its prices to the necessary costs of production.

Monopoly and competition are antagonist principles, working constantly against each other, but in such a way as to benefit society by the result of their joint forces. The object of the monopolist is to limit the supply, in order to raise the price. The struggle of competitors to share the advantages of the monopolist tends to increase the supply, and therefore lowers price.

The first principle befriends the public by holding out high encouragement to invention, skill, and improvement; the other, by reducing the price the public have to pay for improvements to the lowest point consistent with the continuance of a sufficient encouragement to their invention.

The mode in which the principles we have been analysing determine the direction and extent of productive operations will be seen, perhaps, with greater clearness, if we examine briefly some of the simplest habitual modes of employing capital and labour.

Suppose A. to possess property of the value of a thousand pounds.

1. If he *realize*, that is, sell it for a thousand pounds in *money*, it is then in that form which combines, perhaps, the greatest security and convenience, as enabling him to make whatever use he pleases of it,—to remove with it to any part of the world,—to expend it on his own gratification,—or to employ it in any productive investment which offers at the moment the highest advantages. But so long as he retains it in the shape of money in his pocket or his chest, it is of no other advantage to him than what he may derive from a feeling of its security, and of his power of commanding through its means anything in the market up to that value. If he wish to make a profit of his money, as a source of revenue, he must change its mode of investment.

2. He may, for example, lend it to some one who is in want of money, on securities of a private nature, such as bills, bonds, mortgages of land or buildings, &c., or of a public nature, as Government, East India, or Bank stock, canal and company shares, &c. The latter class of securities are readily *available;* that is to say, the owner may *realize* or turn them again into

money whenever he chooses ; but they fluctuate in value, and may sell, therefore, for more or less than was given for them. All bear the current interest on money, with a difference determined chiefly by the more or less of risk attached to each, and the more or less of trouble and expense attending their transfer.

These moneyed investments are all mere debts, or claims representing money expended (often unproductively), but for which some productive property stands pledged. They may, therefore, be considered as part-ownerships in the property so burdened. Some, as mortgages and government stock, have a priority of claim for a definite return to that of all other owners. Some, as canal and company shares, bank and East India stock, are subject to similar fluctuations in value, through causes affecting the returns of these respective speculations, as the capital embarked in private concerns.

Property of this kind, consisting in money obligations, is clearly quite distinct from capital, though it is frequently confounded with it in common conversation. It brings interest to the owner, but is not productive as regards the community generally. It merely represents the claim of one party to a portion of the returns of the land, capital, or labour of some others. If these claims were reckoned in a calculation of the national capital, they would be counted twice over ; once in the hands of those who pay the interest of the debt with which their capital is burdened, and again in the hands of the creditor who receives that interest. The national debt, for example, is not capital ; but rather the reverse. It is a burden upon the capital and industry of the nation, which are pledged for its payment. If the national debt and all other money securities were abolished to-morrow (supposing that could happen without convulsing society and trade by the shock it

would occasion to credit), there would be neither more nor less of capital in the country than before. But the profits of capital and the wages of labour would be raised by the annihilation of a prior claim upon the aggregate produce to that of the producers themselves. At the same time, the injustice of such a "sponging" process is manifest. The creditors have given, and the debtors have received, expended, and profited from, what both parties considered an equivalent to the claim. The former may be looked upon as "sleeping partners" in the business, which the latter are enabled to carry on by means of the advances of capital or other necessary aid, which have been made to them. And the right, therefore, of the national (or any other) creditor to his stipulated share of the national produce, is as strong, and rests on the same grounds of equity, as that of the landowner, the capitalist, and the labourer, to their stipulated portions of whatever they have voluntarily combined to produce.

3. But instead of moneyed securities, A. may prefer to invest his thousand pounds in some productive business; in supplying or aiding the supply of some market with goods. He may do this as a "sleeping partner," in which case he will expect only to make a profit on his capital little greater than the current interest of money, after allowing for all the risks to which the business in which it is embarked is exposed. Or he may engage personally in the business; in which case, besides this profit on his capital, he will expect to gain a remuneration for his labour. Perhaps he will *speculate*, as it is called, in goods—buying one day, when he considers prices are low and likely to rise, to sell again after an interval,—or, as a *wholesale dealer*, he will purchase of the grower, or manufacturer, or importer of an article, and sell to the retail dealers, or, as a *retail*

dealer purchasing of the wholesale dealer, he will sell to the *consumers* in such quantities as are required for immediate use. In every case he acts with a view to profit by selling for more money than he gives; and this profit must, on the average, be sufficient to pay him interest on his capital during the time it is employed; to repay, moreover, his personal trouble and skill, as well as all expenses incurred between the purchase and sale—as carriage, shop and warehouse rent, taxes, &c.; and likewise to cover the risk which he takes upon himself of damage to his goods while they remain with him, and of a fall in the market-prices. It is evident, that to cover all these items, a very considerable per-centage of gross annual profit on his capital must usually be necessary. In such engagements, however, the capital is seldom long in being realized, or turned again into money. Most capitalists of this class, which comprehends all merchants, wholesale dealers, and shopkeepers, *turn* their capitals more than once—often several times, in the year. So that, as already remarked, a small profit on the price of each article sold may afford a very large annual profit on the capital employed.

4. Perhaps it may suit the views of A. to expend his capital in the acquisition of the skill and knowledge, or *ability*, requisite for some *professional* business; in studying the law, for instance, or medicine, or surgery, or divinity, or commerce, and fitting himself for the practice of one of these professions. Or he may purchase a share or interest in some established business of the kind. These are modes of investing capital subject to much risk—not the least of which is that of death or sickness, by which the value of the acquired ability may be annihilated at once. But in proportion to the number of blanks is the greatness of the prizes,

so that there is never any want of competition in such occupations. Capital so expended in the acquisition of personal qualifications or advantages loses its name, and assumes that of ability. Its returns can no longer be properly called profit, but wages, salary, or professional gains.

5. Or A. may prefer to invest his thousand pounds in the purchase of *land*. This is generally reckoned the most permanent and secure of all investments, as being less exposed to loss by commercial or political convulsions; and it consequently returns, on the average, a less interest than any other. But it has its disadvantages, particularly in the high stamp duties imposed in this country on deeds of sale, mortgage, &c., which are partly compensated, though in a most awkward manner, by the exemption of landed property from the probate duty. There is likewise much difficulty in finding a purchaser for land at any time when its owner wishes to sell, owing to the variety of tastes respecting situation, residence, &c.

When A. has purchased land he may either let it to those who will pay him, in the shape of rent, the interest on the capital he has so invested; or he may cultivate it himself, for which purpose he will require an additional capital.

6. Let us suppose that, instead of purchasing, he employs his capital in cultivating, or, as it is called, "farming" land. For this he must lay out a part in the purchase of tools and implements of husbandry, called *dead stock*, part in cattle, sheep, pigs, horses, &c., or *live stock*; and part he will keep by him in the shape of money, with which to pay the wages of his labourers and other current expenses. He now looks for his profit and personal remuneration to the surplus of the sum for which he sells the annual produce of his

farm, beyond what is necessary to pay his *rent*, rates, and taxes, and maintain his capital at its full former value; in other words, to compensate for the wear and tear of his dead, and to replace his live stock, and, moreover, to cover his average risk of loss from casualties, bad seasons, &c. His rent will be a matter of agreement between himself and the landlord, before he enters on his occupation. But he will not be likely to agree to pay *more* than what will, according to the best calculation he can make at the time, of the probable produce of the farm, after repaying all his outgoings, leave him a decent maintenance in return for his own exertions, and a net profit on his capital equal to the ordinary rate which he could have obtained in other lines of business, or moneyed investments. Nor, on the other hand, is the owner of the farm likely to let it for *less* than such a rent, which it is evident he could make for himself by cultivating it on his own account, either personally, or through an honest agent or bailiff. For these reasons, the average rent of land equals, and may be said to consist of, that surplus of its average annual produce which remains after replacing the capital required to cultivate it, and paying the current profit upon that capital, and the current remuneration of farming labour.

If A. rent his farm at the *will* of his landlord, *i.e.*, from year to year, he will usually take care to expend no more upon his land every year than what he can get off it within the year. But if he rent on a *lease* for a term of years, or occupy his own land, or, in some rare cases of confidence in his landlord, even when occupying as tenant at will only—he will probably lay out some of his capital in durable improvements of his farm; for example, in draining wet lands, clearing fresh soil, adding to the farm-buildings, improving the fencing

of his fields, or such a system of manuring and cultivation as can only be expected to repay the outlay within a period of some years.

That part of his capital which he expends in this manner is fixed to the soil, and cannot, like his moveable stock, live and dead, be realised by *sale*. He can only expect to get it back by degrees, in the form of an increased annual produce from his farm; which increase, if the improvement be of a *permanent* nature, assumes thenceforward the character of *rent*, and upon the termination of the lease accrues to the landlord in an increase of his rent. If the improvement is fitted only to last a certain term of years, as liming or artificial manuring of land, temporary farm-buildings, and improved rotations of crops, the increased return must be sufficient to replace the capital expended at the end of the term, and pay the usual profit, or the farmer will not be induced to lay out his capital in effecting it. Capital expended in the latter way is precisely on the footing of that laid out in perishable implements, or dead stock, except in the circumstance of its not being removable. And a hundred pounds laid out in implements which may be expected to last ten years, ought to bring in the same gross return as a hundred pounds laid out in manuring a field in a mode of which the effect may be expected to last the same time.

It is clear that lasting improvements on land cannot be expected from farmers who have no leases; and hence where tenancy at will prevails, as it does at present over the greater part of England, the repairs, as well as all permanent improvements, have to be undertaken by the landlord, if at all. It is more than doubtful whether, under such a system, the land is cultivated so well, or rendered so productive, as under a system of leases. But the uncertain prices that pre-

vailed in the early part of the century naturally indisposed landlords to put their land out of their own control for a long term; during which, if prices rose, the tenant reaped the entire benefit—whereas if they fell, the landlord found himself obliged to remit the stipulated rent, lest his tenant ruin his farm by a deficiency of capital for its proper cultivation. Hence leases, in times of great fluctuation in the prices of agricultural produce, are a protection to the tenant, but not to the landlord. [Since the repeal of the duties on foreign corn, &c., the prices of agricultural produce have ceased to fluctuate to the extent contemplated in this argument. 1873.]

7. Should A. prefer the business of a *manufacturer*, he, perhaps, lays out a part of his capital in buildings and machinery, fixed, more or less, to the soil, like some of those in the case last considered. Another part of his capital is employed in the occasional purchase of raw material, tools, &c., and another in the frequent payment of the wages of his workmen. Or he may *rent* the buildings, machinery, &c., and employ his whole capital in the latter form. His returns must in this case, as in that of the farmer, be sufficient, besides recompensing his own trouble and skill, to replace his floating capital—that, namely, (as already explained,) which circulates within the year—with the ordinary rate of profit; to replace his fixed or more durable capital at the end of the term which it is calculated to last, with the same profit; and moreover to cover all the risks peculiar to the business,—such as that of the article he fabricates being superseded by a change in the taste, and consequently in the demand, of the public—or the machinery he employs by a new and superior invention. The risks of these kinds attached to manufacturing operations are (for reasons in part already

given) much greater than in agriculture; and hence the compensation or insurance against such risk must be proportionately large. It has not been uncommon, of late, for buildings and machinery, on which thousands of pounds have been expended, to fall in value in a very brief period, through changes in the demand of the market, the introduction of improved machinery,* or a general depression of trade—to little or nothing. In times of depression, indeed (such as we have seen but too often), it is not uncommon for manufacturers, rather than shut up their factories or works (which would in that state rapidly go to decay), and give up business,—to renounce the idea of getting *any* return from their fixed capital, and to work on, even under a loss upon their floating capital, in the hope of better times arriving to repay them for the sacrifice, by once more giving them a fair profit on their entire concern.

8. Persons who embark their capital in working mines, in building houses or ships, and in a variety of other productive investments, are circumstanced, in all essential points, like the farmer or manufacturer just described. A part of their capital is fixed in more or less durable objects, and ought to bring in a sufficient annual return to replace the wear and tear, and maintain the value of the capital; part is floating, or circu-

* "Machinery for producing any commodity in great demand seldom wears out; new improvements, by which the same operations can be executed either more quickly or better, generally superseding it long before that period arrives; indeed, to make such an improved machine profitable, it is usually reckoned that in five years it ought to have paid itself, and in ten to be superseded by a better." "The improvement which took place not long ago in frames for making patent net was so great, that a machine in good repair, which cost 1200*l.*, sold a few years after for 60*l.* During the great speculations in that trade, the improvements succeeded each other so rapidly, that machines which had never been finished were abandoned in the hands of their makers, because new improvements had superseded their utility."—*Babbage, Economy of Manufactures*, p. 233.

lating within the year, in the purchase of materials and stocks of goods, and the payment of wages, taxes, rent, &c.

None of these different modes of employing capital, it is quite evident, would be undertaken, if they did not hold out a fair expectation of such returns as will both pay the ordinary rate of profit upon the whole capital employed for the time required for its circulation, and enable its owner to replace it at the end of that term, as well as remunerate him for his skill and trouble, according to the standard of remuneration generally expected by his class. No business would be entered upon that did not fairly promise this. And, therefore, for a market to be habitually supplied with any commodity, the necessary condition is that it sell, on an average, for a sufficient price to repay these, the elementary costs of its production.

When the supply of any goods in any market is in excess over the demand, so as to reduce their selling price below the elementary costs of production, there is said to be a *glut* of them. This glut may be partial, as when confined to one market;—in which the evil soon cures itself by a transfer of the goods to other markets, where the demand is brisker. Or it may be general, with respect to the markets, but confined to a single article. This, likewise, is for the most part speedily corrected, by a portion of the producers transferring their labour and capital to some other more profitable occupation.

But can there be a general and simultaneous glut in all the markets of a country, not of one, or a few articles only, but of a large majority, or the great mass of commodities? This is a question which has been much and hotly disputed by political economists. That goods

of all kinds are frequently sold below their prime cost, is but too well known to commercial men. Forced sales, caused by the bankruptcy or temporary embarrassment of the owners requiring them to be instantly turned into money at any sacrifice, are continually occurring; and a certain proportion of goods thus constantly find their way into the consumer's hands at less than cost price. In times of general embarrassment and of a scarcity of money in circulation (such as we have witnessed almost periodically for some years past,) still larger quantities of goods continue to be produced and sold for some time at a continual loss to their producers. This is chiefly owing to two circumstances: 1st. The impossibility of realizing fixed capital at such times, so that those who have a large proportion of their property embarked in buildings, machinery, stock, or implements, must continue to employ it in production, though at a tremendous loss, rather than let their fixed capital lay wholly idle, and their buildings, machinery, &c., go to decay for want of use and repairs. 2nd. The very distress caused by a want of remunerative prices in some trades tends to increase their production. Workmen, in consequence of the fall in their wages by the piece, work the harder in order to obtain a higher pay by the day. And capitalists, likewise, in their struggles to avoid ruin, try to make up for diminished profits by increased sales.*

* Mr. T. Attwood, in his Examination before the Committee of Secrecy on the Bank Charter question in 1831, says, "Nothing is more common than for manufacturers to increase their establishments at the very time they are upon the road to ruin. In the iron trade, for example, if they have two furnaces they will build a third, because the loss upon the two furnaces is 10*s.* a ton, but upon the three, it will be reduced to 5*s.* a ton. Within the last five or six months, when the iron masters and manufacturers generally are all going to ruin, and in a state I do not like to describe, they are, many of them, enlarging their works, not to

All this increase of production, by adding to the glut, tends to cause a yet further fall in prices, and to occasion further losses to the producers. But in the economical, as in the moral and physical worlds, there are few evils that do not sooner or later work out their own cure. Even in the apparently desperate state of things we have been describing, there are elements in operation of a nature to bring about an improvement. The extraordinary cheapness of goods produced in increased quantities at a continual loss, opens their consumption to a lower and more numerous class of purchasers. They make their way into new markets, and are employed in substitution for other goods, or for purposes to which they had not previously been applied. A new and enlarged demand thus springs up; and in he mean time, the anxiety of the producers to diminish their expenses forces them to task their ingenuity to the utmost, in the invention of new machines or processes, by which a saving of cost may be effected; so that it often happens by the time a new and enlarged demand has been established through the sacrifice of large stocks of goods at losing prices, that the producers find themselves enabled to supply this demand at these same prices with a profit. We believe the history of the silk, the iron, the glove, and the cotton-trade, and perhaps of many more, within the last few years, affords decided instances of an extended beneficial demand having been thus bought by temporary sacrifices.

Such epochs of general embarrassment and distress among the productive classes, accompanied—indeed, brought on—by a general glut or apparent excess of the stocks of all goods in every market, are phenomena of which sad experience has of late too frequently attested

partake of profit, but to prolong the path to ruin, by diminishing their general charges." 5654-5.

the real existence, in spite of what theory might urge as to their impossibility.

[Indeed, one of the most signal and unquestionable characteristics of commercial and industrial enterprise in the present day is its tendency to oscillate continually between phases of excitement and depression ; the first marked by an extraordinary demand for goods of almost all kinds ; being invariably followed by an apparently general glut, in which sales can hardly be made of goods except at ruinous sacrifices—that is, at prices far below the costs of their production. The intervals between these periods of excessive speculation and its collapse have been generally about eight or nine years.

This remarkable fact is no doubt in great part, indeed chiefly, referable to that law of the constitution of the human mind through which extreme excitement is always followed by reaction—the fever of hope and over-sanguine expectation by the cold fit of doubt and disappointment. A period of prosperity in general business seems to be as surely succeeded by one of failure and loss as the ebb of a tidal sea follows the flood. When circumstances seem to promise a flourishing trade, the spirits of commercial men and capitalists rise ; they think a good time must be coming ; speculation becomes catching ; clever schemers put forth fascinating prospectuses of adventures, which they prove (on paper) to be most promising of success ; thousands are taken in by these highly-coloured advertisements, and readily and largely invest their savings in the proposed speculations ; money is cheap and plentiful, because credit and confidence are universal. At last the bow has been bent to its fullest stretch ; some of the weakest schemes break down, a panic sets in ; universal distrust succeeds to universal credit ; a few firms break, others save themselves only by great sacrifices ; the cold fit is

on again; prices of everything fall; many producers are ruined, and it takes some years before the wrecks are cleared away, and the surviving traders recover their confidence in one another, or in the success of their business. This alternation, although perhaps, as we have said, in a great degree, the result of a natural law of the human mind, has been aggravated by faulty monetary laws.] A few words will explain our meaning as far as we think it necessary to proceed in the development of this important principle on the present occasion.

We have hitherto spoken of *price* as synonymous with value. But in truth, this is only on the faith of the conventional assumption which is the basis of all commercial interchange, that money is a *true* measure of value. Unhappily, this assumption is far from well founded—nay, it may be pronounced to be a pernicious fallacy. Money, whether of intrinsic value, as coin, or the representative only of value, as bank-notes, is, like every other exchangeable commodity, liable to *vary in value* with changes in the relation of its demand and supply. Gold and silver money freely coined, must vary in local value with every alteration (and they are very frequent) in the local supply and demand of the precious metals. Bank paper payable on demand in coin must vary precisely in value with the metal into which it is by law convertible at the option of its possessor. Inconvertible paper-money will vary whenever the quantity in circulation is either beyond or within the quantity which is required, at the time, for the exigencies of commerce, in the country through which the paper circulates. And as these exigencies are continually fluctuating, and there exists no test by which their extent can be at any time gauged, this kind of money likewise must be frequently varying in value.

Bearing in mind this instability of value inherent in

money of all kinds, we cannot fail to perceive that a general glut—that is, a general fall in the *prices* of the mass of commodities below their producing cost—is tantamount to a rise in the general exchangeable value of money; and is a proof, not of an excessive supply of goods, but of a deficient supply of money, against which the goods have to be exchanged. Suppose every article in the market to have fallen in price fifty per cent. It cannot then be that any one article has fallen in *value*—that is, in general estimation as compared with the rest. Still less is it proof that there has been an over-production of all goods—which is in fact an unintelligible proposition, for how can there be *too great an abundance of all good things?* Can the desires of man ever be sated? It is simply a proof that the value of *money* has risen one hundred per cent.

But money, being employed as the measure of value, ought essentially to be invariable itself in value. Lamentable, therefore, is the ignorance or neglect of those governments, which, while enforcing, or even permitting only, the employment of money of any kind as a medium of exchange, take no precautions against its liability to vary in value, and permit such variations to derange the whole course of trade, to vitiate all money contracts, and convert, as we have witnessed in late years, the triumphs of invention, the success of industry—the very abundance of produce of every description, into a source of suffering to every class of producers!

Of such mismanagement we shall have examples to offer at a later period, as well as propositions for its correction. Meantime we proceed to examine the nature of the existing arrangements for the distribution of wealth.

CHAPTER X.

DISTRIBUTION OF WEALTH.

Natural and necessary inequality of Conditions and Property.—Adventitious advantages.—Natural Right of Succession to Property by Will or Inheritance.—Variety of conventional Rules.—Test of their Equity.—Natural Distribution of New Wealth—among Labourers, Land-owners, and Capitalists—Can be determined only by the principle of free Exchange.—The same principle tends to the greatest increase of distributable Produce.—Limitation of interference of Government to the securing of Persons and Property.

In as far as we have hitherto traced the natural laws which determine the production of wealth, it has been apparent throughout that the conditions most favourable for its increase are the free and secure enjoyment by every adult individual of his personal liberty, natural advantages, and acquired property,—conditions which necessarily include freedom of industry and exchange, and the free use of the spontaneous bounty of Heaven.

There would have been good reason for presuming *à priori* that the general rules which tend to bring about the greatest aggregate of production are the most favourable to the interest of all consumers. For the more there is to divide, the larger, *it is probable*, will be the share of each.

But we are not left on this point to a mere balancing of probabilities. For it may be made palpably manifest that these great and abiding principles, at the same time that they swell the amount of wealth, tend likewise to *distribute* it in the most equitable manner among the various classes of individuals who have in any way co-operated in its production. The latter tendency is, indeed, the condition and cause of the former. The certainty of freely and fully enjoying the fruits of pro-

ductive labour and ingenuity is the most efficient stimulus to the exertion of these powers and the increase of their results. It is the main object of this work to prove, that the greatest aggregate production of wealth flows from the same plain and simple principles of established rights which ensure its most equitable distribution, and tend at the same time to the production of the greatest aggregate of human happiness.*

We say the most *equitable* distribution. Great was the mistake of those philanthropists who have interpreted an *equitable* distribution of the good things of life to mean their *equal* distribution. No two conditions can be more incongruous than these. Any attempt to effect an equality of property among men, instead of approaching to equity, would involve the extreme of injustice;—instead of being consonant to the law of nature, such a state could only be maintained by its continual infraction.

The difference naturally existing between the bodily and mental powers and dispositions of individuals must necessarily, under the just and natural law of production and distribution, create great inequality in their several possessions and stations. However equal their position when they began the world, the industrious, sharp-witted, intelligent, active, energetic, ingenious, prudent, and frugal, must speedily leave behind the idle, slow,

* This is in no degree inconsistent with what was urged in an earlier chapter (p. 17), as to an increase of wealth being no measure of the increase of happiness. Wealth may *for a time* be increased at a great sacrifice of human happiness, as in the instances we there gave,—though, *in the long run*, such sacrifices will be found to have occasioned a diminution of the aggregate productiveness, by checking the growth of population, and the improvement of the arts and sciences, which require a condition of ease, leisure, and plenty, freedom both of the physical and mental faculties, the stimulus of hope, and the prospect of an indefinite amelioration of our circumstances, for their full development.

stupid, careless, improvident and extravagant. The former will acquire considerable property under the same circumstances in which the latter will scarcely perhaps procure a maintenance. Not only is this evidently just, but any attempt to counteract this the natural law of distribution, which awards to each workman the produce of his own exertions, must proportionately check the disposition of each to avail himself of his natural capacity, or to acquire additional powers, and would, therefore, be no less impolitic than unjust.

Accidental circumstances add, no doubt, occasionally to this natural and necessary inequality of conditions. Yet it would not be safe or right on that ground to interfere with their influence; since it is almost impossible to separate in any case the advantages that an individual derives by accident from those which are the consequence of foresight and enterprise. A man's property may certainly be improved by accident; as for example, by the discovery of a productive vein of metal or coal, or a valuable quarry on his estate. But who is to determine whether his discovery was not in a great degree, perhaps wholly, the result of laborious study and research? Were the right of property denied, or interfered with, in such things as *appeared* to derive a value from accident, it is obvious that much of the ingenuity and inquisitiveness of research which is one of the main springs of economical improvement, would be deadened by the uncertainty of obtaining its just reward.

It has been proposed as an exceedingly just mode of raising a national revenue that whatever portion of the *rent* of land is the result of *accidents of position* should be appropriated by the State. The same objection (and it is a very strong one) applies to this proposal. It is

very true that the value of a landed estate sometimes rises enormously without any exertions on the part of its proprietor, but in consequence either of its fortuitous proximity to a flourishing manufacturing or commercial town,—of a new canal or rail-road being carried through it,—or of its situation being found peculiarly adapted to become the resort of invalids or pleasure-seekers. The high land-rents of the Grosvenor and Portman metropolitan estates may be adduced as instancing an increase of the first kind; many estates of the midland manufacturing districts will afford examples of the second; and some of the seaside watering places of the third. But is it certain that the proprietor of land under such circumstances is wholly passive, and takes no part in promoting and encouraging the improvement which is likely to confer on him so special a benefit? We do not dispute that in the case of growing towns, it is the duty of every government, acting for the interests of the public, to make an early and sufficient reservation of tracts of land in their immediate neighbourhood, to be applied to purposes of public health and convenience. But further interference, even in such an extreme case, would probably be deleterious. In the improvement and extension of towns,—in the construction of new canals, rail-roads, and turnpike roads, it is usual to see the proprietors of land whose interests are likely to be advanced by such measures, take a very prominent part; and any tax upon the increased rents derived from such general improvements would be certain to delay and discourage their execution.

Of the causes of inequality in the economical condition of men there are none more strikingly obvious, or more frequently declaimed against as artificial and unjust, than the laws of inheritance and succession to property.

In speaking of the natural right to property as founded solely on the labour by which it is created, I purposely deferred the consideration of the question as to the devolution of the right on the decease of the individual labourer. It would clearly be quite contrary to the interests of society that property on the death of its owner should cease to belong to any one; since this could not fail to renew all the dangerous personal struggles and ceaseless contentions which it is the great object of all the primary institutions of society to prevent. It is equally evident that since the perfect and complete ownership of property, necessary, as we have seen, to stimulate its production, includes the power of freely disposing of it *by sale, loan*, or *gift*, in any manner the owner pleases, it *must* in reason include the power of disposing of it after death. For a denial of that power, or any serious restraint upon it, would be easily evaded by disposing of the property by gift, or sale, during life, instead of by testamentary bequest. The liberty to appoint a successor to property after death is, therefore, part and parcel of the natural right to its ownership and free disposal, and cannot be reasonably or safely separated from it. That it has ever been so considered by the unprejudiced sentiments of mankind is shown by the almost universal prevalence through every age and nation, of a law or custom, giving a dying person the power of disposing of his property by will.

In the absence of testamentary disposition, the natural rule is clearly *inheritance;* that is to say, that the property devolve on the children, or, in default, on the nearest relatives of the deceased owner, upon the reasonable presumption that, if he had not neglected to make a will, or been prevented from doing so by

casualty, he would have disposed of his property in that manner.*

The necessity is very obvious, that the rules of inheritance or succession should be strictly laid down by law in order to prevent that confusion which any doubt as to its ownership must occasion. The rules established on this ground in different countries have varied greatly; and all these varieties cannot be equally accordant with natural justice, that is, with the permanent interests of society. Some indeed are manifestly impolitic, from interfering too much with the natural laws of distribution, and that free disposal of the products of industry which is so essential to its encouragement. Others err in the opposite sense, by permitting the owner of landed property to determine its devolution not merely to a single immediate successor, but to an endless succession, through continued generations.† To confer such a power on any individual is evidently unjustifiable. Property, landed property especially, requires continual protection, repairs, and expensive

* Blackstone calls "the permanent right to property," as well as that of children to the inheritance of their parents, "not a *natural* but a *civil* right." His learned commentator, Professor Christian, justly corrects this very obvious error. "The notion," he says, "of property is universal, and is suggested to the mind of man by reason and nature, prior to all positive institutions. If the laws of the land were suspended, we should be under the same moral obligation to refrain from invading each other's property, as from attacking each other's persons." Again, "the affection of parents towards their children is the most powerful and universal principle which nature has implanted in the human breast; and it cannot be conceived, even in the savage state, that any one is so destitute of affection and of reason as not to revolt at the proposition that a stranger has as good a right as his children to the property of a deceased parent. *Hæredes successoresque sui liberi*, seems not to have been confined to the woods of Germany, but to be one of the first laws of the code of Nature." *Blackstone*, vol. ii. p. 11.

† The law of France may be instanced, perhaps, as an example of the first error, that of Scotland of the last.

management. The land-owner who, during a long occupation, has, at much pains and cost to himself, preserved or increased the value of his estate, has earned as equitable a right to dispose of it at his death as any of its former possessors, even as he who may have originally rescued it from a state of waste. To deny him this power is to lessen his interest in doing justice to his property. It is, in fact, acting in opposition to the very principle which alone sanctions the establishment of any right at all to property in land,—the expediency of encouraging its improvement. There are many other strong grounds of objection, political and moral, to endless entails,—perhaps to any kind of entail,—as well as to any interference by law with the will of the possessor; but I forbear to dwell on them here, intending to notice them hereafter. It is sufficient to have shown that their tendency is destructive of the very principle on which the right to property in land is founded. The true course which legislation should endeavour to steer is such as will afford to individuals such a sufficent power of disposition over their property as may encourage them to preserve and improve it, and at the same time prevent the tying up in mortmain of large properties, and the excessive accumulation of landed estates in few hands.

It is clear, from what has been said on this point, that the mode in which wealth distributes itself by the free operation of the natural laws of production, necessarily occasions great inequalities of property and position among the members of every society. Under this *natural* system of distribution,—supported by just and wise legislation,—some may possess wealth beyond what their own exertions have produced, and which has devolved to them by gift or bequest or inheritance;—but all who have contributed to the production of new

wealth will be confirmed in the enjoyment and free disposal of whatever they have created.

Let us take a rapid survey of the different channels into which all newly created wealth will spontaneously distribute itself.

There are, as has been shown, but three elementary sources of wealth—labour, land, and capital; and these, in an advanced stage of society, are generally owned by more or less distinct parties: whence it becomes convenient, and is usual, to divide the general body of those who co-operate in production and share its results into three principal classes; namely, labourers, landowners, and capitalists. Between these parties, their joint produce naturally divides itself in the manner and according to the laws we have already in part noticed, under the name of the *wages* of *labour*, the *rent* of *land*, and the *profit* of *capital*; and the share of each class constitutes its income or revenue.

This general classification is useful, as facilitating the analysis of the phenomena of society. It is obvious, however, that the three classes are by no means nicely distinguishable. On the contrary, there are many individuals who partake, more or less, of two, and some of all three, characters. The labourer, for instance, in this and some other countries, is occasionally the owner of the land he cultivates, as well as of the tools, live stock, and other small capital with which his labour is aided. In this case, his wages, profit, and rent will be mixed together so as to be indistinguishable. Few labourers, in any country, are without some little capital in the tools of their craft. Again, the owners of considerable capital are, for the most part, labourers. Merchants, manufacturers, wholesale and retail traders, ship-owners, and land-farmers, personally superintend the employment of their capital; and the remuneration

of their labour, as we have before seen, is included in what is vulgarly termed the gross profit of their capital, or living profits. A man of superior abilities or experience will often employ his capital in such a way as to bring in twice as large a return as that cleared by his duller neighbour; and it would be no less difficult than unnecessary to determine whether this is to be reckoned increased profit or wages.

The class of landowners is, in general, rather more broadly distinguished from the others, in this country at least; though not a few, as has just been said, cultivate their land by their own skill and industry, as well as with their own capital. Even the great body of wealthy landowners of this country, though not personally engaged in the business of cultivation, are in the habit of expending much capital on their estates, in erecting and keeping up fences, drains, roads, farm-buildings, &c.; the cost of which is usually defrayed by the landlord. Capital so expended, as has been already explained, becomes no longer distinguishable from land, and its return merges in rent.

The proprietors of railway, canal, dock, and joint-stock company shares, as well as all of what are called sleeping partners, from their not being personally engaged in business, are pure capitalists; their income being solely derived from the net profit or interest of their capital.

Mortgagees, annuitants, pensioners, fundholders, and other owners of fixed money incomes, form a class apart from any of the three which we have been considering. They are simply creditors, and can scarcely be called capitalists in any accurate classification of the owners of wealth. Their property is not capital until it be *realized:* it is merely a *debt* secured by law upon the land, capital, or labour in the ownership of other parties.

In whatever proportions the several classes of labourers,

capitalists, and landowners contribute their quota to the production of wealth, in that proportion have they clearly an equitable title to share in the wealth produced. But by whom and by what rule is it to be determined in what proportion any of the parties concerned have contributed towards the production of any portion of wealth? No after-analysis, however laboured, could pretend to discover, with any accuracy, the degree in which the various contributions of these different parties may have co-operated in its production. No tribunal that could be established would decide the point so as to satisfy them all of the correctness of its verdict. There exists no test—no common measure of the relative value of labour, land, and capital, independent of the estimation of their owners. This *can* be ascertained only *at the time* the contributions are made or arranged, and by *no other judges* than the interested parties themselves, and by *no other means* than their voluntary settlement of terms with one another; in short, only by previous bargain or contract *inter se*.

In one word, the principle of *free exchange* can alone bring about a fair adjustment of their relative claims on their joint produce. Take, for illustration, the simplest case:—A, a labourer, has raised a quarter of wheat, by cultivating the land of B, C having advanced him on loan the necessary implements, and D the food on which he subsisted while at work. What possible guide can there be to the determination of the equitable share of A, B, C, and D respectively in the value of the wheat, except the terms which they shall freely have agreed upon with each other at the commencement of the undertaking? And if this be true in the simplest cases, it is equally true of the more complicated; which it would be still more impracticable for any foreign party to adjudicate.

Custom will, indeed, establish a sort of standard by which these questions may be determined, in the absence of previous agreement: as, if a master hire a labourer without specifying the wages he intends giving, those ordinarily given for labour of that class by the custom of the country will be understood by both parties; and custom will, in the same manner, determine the fair rent of land of a certain quality, and the fair interest of money. But the custom itself consists only of the average of the free and voluntary agreements of parties similarly circumstanced through the neighbourhood. Any attempt to tie down such agreements *generally* to some definite proportionate share to each party in the result of their joint contributions to it,—as by a law, establishing either a *minimum* or a *maximum* of wages, interest, or rent—would destroy the only criterion of their just amount, and substitute a blind and arbitrary power, without any possible clue to guide it to a correct decision.

While the principle of free exchange of property and services can alone be depended on for securing an equitable distribution of wealth among the several classes who contribute to its production, such free exchange is equally indispensable to the encouragement of all in the work of production, and consequently to the increase of the aggregate produce to be distributed.

If, for example, the *owner of land* were in any way restricted from freely disposing of his land to his greatest advantage,—as by letting it out to farm to the highest bidder, or in portions of such size as he finds most profitable,—he would have the less inducement to employ it, or allow it to be employed, in production. He might, by such restrictions, be induced to prefer keeping it in a state of waste, as a park, chase, or warren, comparatively unproductive and unserviceable to society. If it

continued to be cultivated, he would be less likely to make any sacrifice for its improvement, by expending a portion of his rents in drainage, buildings, planting, or other endeavours to increase the productiveness of his estate. The same consequences would follow if, on the other hand, he were restrained by a tax or penalty from laying out any part of his domain in park or pleasure ground according to his taste. He would be less likely to reside upon his estate, and its general productiveness would probably, in the long run, be diminished rather than increased by such restriction;

Again, in whatever degree the *capitalist* may be interfered with in the free disposal of his property to his greatest advantage,—as is practically done to a great extent in several European states, by vexatious and embarrassing regulations, municipal and general, respecting the production, or removal from place to place, of particular commodities,—in that degree will he be less desirous of accumulating capital, less eager to discover and avail himself of openings for its profitable employment, and less capable of making a profit upon it; he will be less productive and less economical, and consequently a less useful member of society, as well as a less happy one, through the annoyance which such restrictions occasion.

And the *labourer*, in his turn, unless left free to make the best bargain he can with his employer, and to carry his labour to the best market, wherever it may be; if interfered with by regulations confining him to particular occupations or particular places in which to exercise his industry, will never fully put forth his energies; but, in proportion to the restraint he suffers, assume more or less of the sulky, idle, careless, and revengeful character of the *slave*—feel himself injured and ill-treated;—at all events, wanting one of the essential conditions of in-

dustry—freedom of choice in its direction—will be less productive, as well as less happy. Attempts to regulate wages, whether by fixing maxima or minima, or to regulate employments, by dividing society into *castes*, each confined to an exclusive occupation, as well as the ancient municipal regulations with regard to apprenticeships, servitude, &c., and the modern rules and restraints of trades unions, have always produced the effect of damping the exertions of the labourers and diminishing their productiveness, to their own ultimate loss and injury.

Interference of any kind, in short, in the spontaneous direction of industry, and the free employment by their owners of the great agents in production, labour, land, and capital, has the certain effect of benumbing their powers and lessening the sum of production, and consequently the shares of the producing parties; as well as of needlessly, and therefore unjustly, curtailing their freedom of action.

The only interference allowable is that which can be shown to be indispensable for the great object of securing to all the use and disposal of their justly acquired property, enforcing the fulfilment of contracts, and punishing fraud. The law need, and ought to do no more. This comprehends the sum and substance of all the duties of a government with respect to wealth. Subject, therefore, to this condition, and to this only, perfect liberty in the voluntary exchange of the property and services of individuals is the only means of giving full play to the development of their productiveness, and of increasing, to the utmost extent, the amount of their several shares. Such liberty is, on this ground,—the sure ground of expediency for the furtherance of the general happiness—the absolute right of every member of society.

The limitation introduced includes, of course, all such appropriations of private property, and such direc-

tions of individual action by the government, as are necessary for securing the persons and property of all. It is for the representatives of the people to determine the just claims of the state upon the purses or services of its citizens. The submission to such claims by each is the condition on which alone the rights of citizenship can be conceded to each. In a future chapter we shall touch upon the principles by which the great state-engine of "taxation" ought to be regulated, and its proceeds applied.

But before we proceed to this, it will be useful to take a general review of the existing modes by which wealth is produced and distributed.

CHAPTER XI.

PRODUCTIVE INTERESTS.

Agriculture—Manufactures—Commerce.—Progress, Subdivisions, and utility of each.—Their community of interest, and equal importance.—Preference awarded to agriculture owing to the unnatural existing relations of population and subsistence.

THE various branches of industry into which the business of production divides itself in a civilized and highly advanced community, are nearly infinite in number. They are ordinarily classed, however, for more easy consideration, into three great departments, or, as they are called, "*interests*"—viz. the agricultural, the manufacturing, and the commercial or trading interest.

1. The *Agricultural* interest includes all whose land, capital, or labour is employed in the growth of food and the raw materials of manufacture. It comprehends,

in this country, the more or less distinct classes of landowners, farmers, and labourers. Among the two latter there are various subdivisions, The corn-grower, the dairy-farmer, the cattle-breeder, and the cultivator of hops, madder, flax, teazles, &c. are, in general, different persons: as the carter, ploughman, herdsman, shepherd, drover, hedger and ditcher, woodsman, &c. are distinct occupations among agricultural labourers. Those who follow the business of meal-men, corn and cattle dealers, and some others, are so closely connected with this interest as to rank rather in it than in either of the other divisions.

The history of agriculture is a subject of great interest, for which, however, we must refer our readers to the works especially devoted to this subject. Of all arts it is perhaps that in which the least improvement has been made in the course of the historical ages, notwithstanding its pre-eminent utility. Still its progress has been considerable, especially in this country, where, since the adoption of turnip husbandry, the substitution of green crops for fallows, the great extension of sheep-farming, and the introduction of foreign or artificial manure, the produce of our superior soils has been more than doubled, and large crops raised off millions of acres of poor land which previously would bear nothing to repay their cultivation.

A wide field is here still open for improvements to which no definite limit can be assigned. The science of agricultural chemistry is yet in its infancy. Its further progress will, no doubt, enable us greatly to multiply the produce of a limited tract, and, perhaps, to bring the most barren surfaces into profitable cultivation. Even now, a deficiency of manure is the only check to the productiveness of any soils, and as yet one of the most copious sources of supply of the most valuable of

all manures,—the sewerage of great towns—is wholly neglected. By taking the necessary steps for securing and applying this, a great start might probably be given to the agriculture of densely peopled countries.

[1873. It is lamentable to reflect how little progress has been made towards this most desirable object since this was written in 1833.]

2. It is the business of *Manufacturers* to work up for use the raw materials raised at home by the preceding class, or imported from abroad; giving them the shape of clothing, houses, household furniture, machinery, tools, and a variety of conveniences and ornaments. They comprehend numerous branches; such as the iron, the woollen, the cotton, the silk, the leather, the stocking, the glove, the hat, the carpet, the lace, and the soap trades, the house and ship-builders, cabinet-makers, gold and silver-smiths, watch-makers, brass ornament makers, cutlers, printers and publishers, engineers, &c.; and each of these separate trades is subdivided into numberless distinct avocations. There are many to whom the term manufacturers is not ordinarily applied, who would yet be reckoned as such in any general classification of the entire body of producers: such are tailors, shoemakers, carpenters, joiners, smiths, plasterers, bakers, maltsters, curriers, &c., with the entire class of artisans employed in these several trades.*

The economical history of manufactures is a subject of very considerable interest to the student of political economy, but would, if fully gone into, occupy a much

* The term manufacture is usually applied only to establishments on a large scale; and those who produce the same article on a small scale are called makers rather than manufacturers: but in a scientific treatise, and when employed to designate a class of operations in contradistinction to agriculture, the term must be extended, so as to embrace all those occupations by which the raw productions of the earth are worked up into objects of use or ornament, whether by the labour of one individual or of many.

larger space than can be afforded to it in this little volume. It well deserves, indeed, to form the exclusive matter of a separate work.

The division of labour which takes place in a very rude state of society must, even in the infancy of every nation, have effected a certain separation between the classes who occupy themselves in tilling the soil and gathering its crops, and those who are engaged in working up these crops or the other raw products of the earth, and fitting them for general use, in the form of tools, raiment, ornaments, houses, furniture, &c.

A further subdivision of this class of industrious occupations among different trades or crafts, each giving employment to distinct ranks of artificers, seems likewise to have taken place at a very early period in the history of art. The goldsmiths, the jewellers, the workers in iron, in brass, in wood, in stone, in pottery, in woollen, and in linen; the shoemakers, the tailors, the carpenters, the plasterers, and the masons, are spoken of in the Jewish Scriptures and other early records, and appear to have followed exclusively their several avocations from the first dawn of civilization. A common professional education, a common interest in the advancement of their art, and a desire, by combination and monopoly, to exclude competition and obtain a higher return for their labour, seem, in most countries, to have occasioned the union of the artisans following any one of these several trades into a sort of corporate fraternity, sometimes sanctioned by charters, like the guilds of the European states subsequent to the middle ages. Some of these fraternities unquestionably attained a very high excellence in their particular departments of industry. The association of freemasons, to whose migratory labours it is generally supposed that we are indebted for nearly all the rich and beautiful

ecclesiastical and domestic edifices which were reared through Europe during the eleventh and five succeeding centuries, evinced a purity of taste and fertility of conception in architectural design, as well as a power of execution, which the builders of modern times have vainly attempted to rival. Nothing can exceed the workmanship of the armourers, or of the goldsmiths and jewellers, of the fifteenth century; and carving in both wood and stone was carried, about the same time, nearly to equal perfection. The gorgeous silks and velvets of the same period probably could not be imitated by any artisans in the present day; and tapestries and other productions of the loom were then wrought with an excellence which has never been surpassed. The art of staining glass may be mentioned as another in which modern artists are decidedly inferior to those which preceded them some centuries back.

On the whole, however, manufacturing industry has of late years, and especially in this country, accomplished an extraordinary advance in its productive capacities, and its importance as compared with agriculture. In former ages every village probably had, as now, its inferior handicraftsmen—its smith, mason, carpenter, tailor, and shoemaker; while the more important branches of industry were carried on in towns, in which the manufacturers of valuable goods clustered together, for the purpose of mutual protection against the tyranny of the great and little robbers of those unsettled times, or along the course of such streams as afforded the necessary aid of water-power. But though the articles of clothing and ornament which ministered to the luxuries of the wealthy, were fabricated by artisans of this description, the more homely wants of the humbler classes were still chiefly supplied by the exercise of their own rude industry. The coarse

clothing of the greater proportion of the people, woollens as well as linens, were, till within a very recent period, both spun and wove, or knitted, at home, by the wives and children of the agricultural labourers. Many objects of ornament and convenience were made in the same simple manner by the peasant and his family. It is chiefly within the last fifty years, and since the introduction, and especially since the improvements, of the steam-engine by Watt, which led to the substitution of this wonderful power for that of water, wind, and human or brute force, that manufacturing industry has developed itself to an extent by which a great and striking change has been brought about in the habits, the manners, relations, and employments of our population. The number of persons at present engaged in the various branches of manufacture in this country exceeds that of the persons employed in agriculture. They are, for the most part, concentrated in large and populous towns, many of which have grown up with astonishing rapidity upon those points where the abundance of coal and iron mines, water-carriage, or other facilities are found for the fabrication of any peculiar commodity. The existence of this portion of society is closely connected with the very variable condition of manufactures; and when war, impolitic restrictions on commerce, changes of taste and fashion, improvements in machinery, or any of the other casualties to which such trades are exposed, occasion a stagnation in the demand for their labour, large bodies of men are liable to be thrown out of work, and placed, for a time, in a state of suffering and idleness, which, in the absence of wise precautionary arrangements, cannot but threaten great danger to the public peace. On the other hand, the agricultural part of the population has certainly suffered much from the

failure of those occupations which were formerly subsidiary to their principal one, and afforded them the means of profitably employing every idle hour, and nearly every member of their families, male or female, young or old. The loss of the minor domestic manufactures, formerly carried on by the agricultural labourer, has been a severe injury to his class, and has not been compensated as yet by any adequate rise in his wages. These are undoubtedly evils, to which the vast, and, on the whole, beneficial progress made by our manufacturing system, has unquestionably exposed us. It is for the government to mitigate these evils, so far as is practicable; especially by all such arrangements as are fitted to encourage and facilitate the free migration of labour, the free exchange of its produce, and consequently its profitable employment.

3. The *Commercial* class consists of persons whose business it is to facilitate the operations both of the agriculturists and manufacturers, by supplying them with what articles they require, and taking of them what they have to dispose of. They are the agents in all the manifold exchanges that are going on between the different classes of producers and consumers; conveying goods of all kinds from place to place, so as to equalize the supply with the demand; purchasing whatever is to be sold, and selling whatever is required to be bought. Commerce divides itself, firstly, into the *foreign*, and internal or *home* trade; and the latter, into the *wholesale* and *retail* trades. These again branch out into almost numberless subdivisions, characterized by the nature of the article dealt in, or the particular line of business carried on.

It must be noted, however, that a large number of the industrial classes carry on concerns which combine the manufacturing with the commercial character, or

cannot strictly be referred to either category. Such are the tailors, shoemakers, bakers, butchers, working gold and silver-smiths, braziers, upholsterers, clock and watchmakers, and many others who themselves sell at their shops articles which they manufacture at their workshops. Some professional men also combine the sale of articles with their more strictly professional occupations, as surgeons and apothecaries, &c. Some other employments are distinct from all of the three categories above mentioned—for example, miners, quarrymen, fishermen, sailors, &c.

All these multiform subdivisions of employment are wholly spontaneous, the offspring of no preconcerted arrangements of the statesman or the legislator, but springing from that ever-active and inquisitive spirit of enterprise and ardour for gain by which individuals are urged to seize every opening for the employment of their ability or capital that promises remuneration. The result is incalculably beneficial to society, by reducing the cost and improving the quality of all that it consumes. If any saving can possibly be made in the cost of producing any article, by a subdivision of the necessary operations, it is immediately effected by the agency of this searching spirit; and the competition of producers is sure very shortly to secure all the benefit of the saving to the public at large, in a proportionately reduced price of the article.

The vast utility, for example, of the wholesale and retail dealers, who adjust the supply of commodities of all kinds with the utmost precision to the demand, is obvious on the slightest consideration. Acting under the influence of self-interest, and with a view solely to his own profit, each, knowing the probable wants of his peculiar market, is strongly interested in selling as much as he possibly can, and yet equally interested in

causing nothing to be wasted through its remaining unsold. Each striving to carry away the custom of his rivals, by tempting the public with newer, better, more varied, or more alluring articles at the lowest price, they effect collectively the distribution of the whole wealth of society in the most economical and most convenient manner possible. And yet, because they make a profit on what they sell, that is, get paid for their labour and the time during which their capital lies locked up in goods, and the risk it runs of damage, and for their shop and warehouse rents; because they charge a profit on their sales sufficient to cover these necessary expenses (and that it is barely sufficient for this end their mutual competition secures), they are described by Mr. Owen, and his benevolent but equally unreasoning followers, as sucking the marrow of the poor labourers, and interfering hurtfully between the producer and the consumer, to *raise* the cost of all things to the latter. Mr. Owen has of late put his theory to the test of practice, by endeavouring to dispense with these intermediate parties, and bring producers and consumers into contact with each other. By this time, therefore, it is perhaps tolerably clear to such of his disciples as retain the power of discrimination, which system is the more economical of the two; that which, if pursued to its necessary consequences, would force every labourer to produce for himself almost every thing he needs, and send us back to the caves and woods of our acorn-eating ancestors, or that which *has* carried us forward from those wilds and caves to the high pitch of civilization and refinement this industrious community has, by the blessing of Heaven, attained. With respect to Mr. Owen's clumsy contrivance of labour-notes and a labour exchange, by which the barbarizing tendency of his principle is

meant to be concealed, it is evidently but a bank connected with a large wholesale warehouse; in which the arbitrary valuation of a salaried clerk regulates the terms of each sale and purchase, instead of the unerring principles of competition among the sellers and self-interest in the buyers. The scheme of labour-notes, moreover, is founded on the erroneous notion that labour is the just and true measure of value. But can any plan be more likely to discourage ingenuity, industry, and the acquisition of skill, than one which determines the reward of each man's labour, not by the intensity of his application, or the amount of its produce, but by its *duration*—thus giving to a slow, careless, and indolent labourer the same pay as to an active, ingenious, and energetic one?

The whole system of society as at present constituted is ONE GREAT LABOUR EXCHANGE; in which the services of individuals are bartered by voluntary and mutual agreement. The progress of knowledge has suggested a variety of subdivisions, not only of the labour by which commodities are produced, but likewise of the labour required for exchanging them. An attempt to get rid of these intermediate parties to the exchanges of labour would put a stop to by far the greater proportion of exchanges, which could not by possibility be conducted between the principals, and would render their labour itself valueless. How could the coal-miner of Newcastle *directly* exchange the produce of his labour with the corn-grower of Lincolnshire, the cheese-maker of Gloucestershire, or the cloth-weaver of Yorkshire? And if there must be intermediate parties to carry on these and similar exchanges, experience and reason prove that they will be conducted more cheaply and effectually by the competition of private speculators, than by any organized contrivance for this purpose that

the ingenuity of man could frame. The idea of these visionaries is that the *profit* made by the intermediate parties would be saved to the principals. But in order to conduct exchanges of this kind, there must be a capital. If the producers of commodities are possessed of capital, they will get as high a profit on its employment in the business of production as other parties now get in the business of exchange. If they have no capital, they can certainly divide no profit, under any possible contrivance.

The vast utility of the class of retail dealers, who are the *immediate* distributors of the principal articles of consumption, must be apparent to every one. Not less useful and important to society, in its peculiar functions, is the class of wholesale dealers or *merchants;* who are the primary agents in the exchanges that take place between producers who live at a distance from each other, in different districts, countries, or perhaps climates, and the general carriers of goods from place to place throughout the world.

The advantages of *commerce*, that is, of an interchange, between the inhabitants of different places, of the goods with which their peculiar circumstances of skill, position, soil, minerals, or climate enable two communities to supply one another more easily than each could supply itself, need hardly, in this age and country, be dwelt upon. It is the division of labour on a large scale, and applied to districts instead of individuals. Nature has suggested this territorial division of labour even more broadly and obviously than the personal. One district, for example, possesses rich alluvial plains, fitted for growing corn; the soil of another is more favourable for grazing cattle; that of a third for pasturing sheep; a fourth offers a bleak and bare surface, but is fertile in mineral wealth—in coal,

perhaps, and iron; a fifth is covered with timber, and a sixth is washed by a sea abounding in fish. It must be impossible for the inhabitants of these several districts to have any continued intercourse without perceiving the great mutual advantages they have it in their power to secure, by applying themselves exclusively to the production of those commodities for which nature has adapted their district, and exchanging them with each other. Whether the several places between which such commerce is carried on happen to be connected under the same government or not, can evidently make no difference in the amount of mutual benefit each derives from the intercourse, except in as far as this circumstance may cause *artificial* impediments to be placed in the way of their intercourse, which would not have existed had they been united under the same government. The exchange, in reality, takes place between individuals, although the subjects of different states, and would not be undertaken by each party if it were not beneficial to both.

A strange notion seems to have prevailed till towards the middle of last century, even among those who were practically conversant with commerce, namely, that the commercial gains of one nation were always made at the expense of that with which she traded! Since foreign commerce is as freely and voluntarily undertaken by individuals, as that between inhabitants of the same state, and for no conceivable purpose on either side but individual gain, it is wonderful that any one should imagine that the intercourse which must be profitable to the individuals who carry it on, can be injurious to the nation of which either party forms an unit. The profit, however, of the merchants on either side constitutes evidently but a very small proportion of the entire benefit derived by the exchanging countries.

If France sends to England wine to the value of a million, in exchange for an equivalent in hardware, the merchants on either side may perhaps clear a profit of £50,000 by the transaction. But, in addition to this, twice as much is probably expended in the employment of the shipping and internal carrying trade of each country; some thousands of pounds are likewise put into the exchequer of each; and last, but by no means least, the inhabitants of either country, who consume wine or steel goods, are supplied with these commodities at much less than the cost at which they could have procured them of equal quality at home, if indeed they could have procured them at all. Many things, now considered of first necessity, are not to be obtained without foreign commerce. Tea, the favourite daily meal of perhaps every family in the land, is grown in China alone, and no attempts to raise it in other countries have been successful. Cotton is the produce of a tropical climate; and if left to our own resources, we could not obtain an ounce of that material which forms so cheap, healthy, and comfortable an article of clothing for the great body of our population, male and female; as well as one of our principal staples of export. Sugar, another absolute necessary of life to the present generation, the example of France proves that we might possibly grow at home, but of a very inferior quality, and at about treble the cost to us of what we procure from our colonies in exchange for our hardware and woollens. Cochineal, indigo, and the various other substances used in dyeing are not the produce of Britain. Nearly every drug or balsam employed in medicine is of foreign growth, and could not be obtained by any efforts from this country alone. The greater part of the timber used in our houses and their furniture is foreign, and could not be raised here in

sufficient quantity to supply our purposes. The materials of our soap and candles, which are as necessary to the cottager as to the noble, are imported; and if prevented from importing them, none but the wealthy could enjoy the means of lighting up their houses during the long nights of our northern winters. Oranges, so delicious to the sick, and palatable to all, are purchased from abroad by our hardware and cloths, and could not be procured except by this mutual exchange. Tobacco, the poor man's luxury, is only to be obtained by foreign commerce. "Our roast beef, the Englishman's fare,—would that every one of our countrymen could command its daily enjoyment!—is indeed a native production; but its companion, plum-pudding, exclusively an English dish, derives its name and its excellence from the produce of foreign climates. The raisins are brought from Smyrna, the currants from the Ionian Islands."*

These familiar illustrations have been selected to bring the fact clearly before the reader, that all classes and conditions of men derive enjoyment or benefit from the mutual exchange of the products of different countries and climates. If foreign trade introduced only such things as are enjoyed by the opulent and luxurious; if it only enabled our modern Sybarites to clothe themselves in silks instead of linens, and drink French wines instead of British ale, it would not be deserving of the high place it ought to hold in our esteem, as the means of adding to the comfort and enjoyment of mankind. But the few commodities we have mentioned above constitute only a small part of those imported from countries not under our government, which are used by the great mass of the people, and contribute to their subsistence, or give additional

* "Political Economy," by T. Hodgskin.

value to their industry and skill. Without foreign commerce we should be destitute of a very large proportion of the necessaries and comforts, as well as luxuries, which we now possess; while the price of the few that now remain to us, would, in most instances, be very greatly increased. Nor are the benefits we derive from an extended intercourse with the other branches of the human family monopolized by ourselves. The persons who receive our hardware, cutlery, woollens and cottons, in exchange for their sugar, wine, raw cotton, drugs, timber, &c., could not obtain these necessary and valuable articles so cheaply by any other means. "It is as pleasant to the inhabitants of Portugal, of Turkey, and of Spain, to procure, by the cultivation of their own vines, fig-trees, and olives, the instruments and clothing manufactured in this country, of a superior quality, by help of our fertile mineral wealth and mechanical ingenuity, as it is for us to obtain, by making these articles, the refreshing produce of a brighter sun than ever shines over Britain." *

"But the influence of foreign commerce," it has been well observed, "in multiplying and cheapening conveniences and enjoyments, vast as it most certainly is, is perhaps inferior to its indirect influence, that is, to its influence on industry, by adding immeasurably to the mass of desirable articles, inspiring new tastes, and stimulating enterprise and invention, by bringing each people into competition and friendly intercourse with foreigners, and making them acquainted with their arts and institutions." Adam Smith and Robertson have both ably traced the economic change which took place throughout Europe at the termination of the middle ages, in virtue of the new tastes and habits inspired in the owners and cultivators of the soil, by the presenta-

* "Hodgskin's Political Economy," p. 160.

tion to their notice of those articles of splendour and luxury which manufacturers had produced, and commerce brought to their doors. The same effect continues in the present day. It is a constant principle of human nature that our wants increase with the means of gratifying them. And well is it that we are so constituted. Were man the sober, chastened, and easily contented animal which moralists have sometimes, with false views of human welfare, attempted to make him—did a mere shelter from the weather, and a sufficiency of wholesome food and coarse clothing, satisfy his wishes,

"Content to dwell in decencies for ever,"

his species would probably have remained for ever in a condition little superior to that of the cattle they have domesticated. Art, science, literature, all the pleasures of refinement, taste, and intellectual occupation, would have been unknown: more than this,—the ingenuity by which the gifts of nature and the enjoyments of mere animal existence are multiplied and heightened, would never have been called into action; and the prospect which, in spite of local and temporary checks, seems to us continually brightening, of a progressive and indefinite amelioration in the circumstances of mankind, would have been closed at once. But it is not so. Every augmentation in the number and variety of the means of human gratification has the certain effect of increasing the number of human wants and desires, and of stimulating industry and ingenuity to satisfy them by increased labour or skill in the production of those things by exchange for which the desired objects may be obtained. The improvement of our manufactures and the increase of our foreign and internal trade not only have a stimulating influence on our native agriculture, and, therefore, add to our supplies of home-grown

food,—but by offering novel gratifications to the inhabitants of other countries, they excite these last to greater industry in the creation of those agricultural products of which we stand in need.

Few mistakes, therefore, can be more complete than that into which some writers fall who underrate the advantages of foreign commerce, affecting to treat it merely as the source of a supply of a somewhat better description of consumable articles than we could procure at home; and fail to perceive that, without its aid, we should have remained deprived of nearly all that excites our industry, and gratifies our desires,—of the comforts, the luxuries, the refinements, and of many things now considered the necessaries, of civilized existence.

These several productive classes, or "Interests," which it is sometimes the fashion to oppose and contrast with each other, are far from being separated by any broad line of demarcation. They are indeed, on the contrary, closely entwined and enlaced together, forming the warp and woof in the web of society. Their interests, consequently, are identical; and any attempt to advance that of one, at the expense of the others, must be equally prejudicial to all. In fact, the business of each branch is to supply the wants of the others, so that any falling off in the means of one *must* cause a proportionate defalcation in the occupation and resources of the others. They are inseparably connected, and depend upon or grow out of each other. The agriculturists raise raw produce for the manufacturers and merchants, while the latter fabricate or import articles of necessity, convenience, and ornament for the use of the former. Whatever, consequently, contributes to promote or depress the industry and enterprise of one class, must have a beneficial or injurious influence upon the others. "Land and trade," to borrow the just and

forcible expressions of Sir Josiah Child, "are TWINS, and have always, and ever will, *wax* and *wane* together. It cannot be ill with trade but land will fall, nor ill with land but trade will feel it." Hence the injurious consequences that result from every attempt to exalt and advance one species of industry by giving it factitious advantages at the expense of the rest.

It has been a question much disputed whether any one of these branches of industry should hold a higher rank in the general estimation than another. Many writers have contended for the pre-eminence of agriculture over manufactures and commerce. M. Quesnay and the French economists were followed in this by Dr. Smith. But the reason assigned by them for this preference, namely, that in agriculture labour is most productive, as being exclusively assisted by the powers of Nature, is an evident fallacy. The manufacturer and the merchant avail themselves of the useful qualities of the mineral, vegetable, and animal kingdoms to the same extent as the cultivator; and Nature affords her aid as bountifully and as gratuitously to the one as to the other.

Though these authors have failed in giving a satisfactory reason for the rank they would assign to agriculture above the other useful arts, it is not, however, the less true, that a marked preference has been awarded in all times and countries to this branch of industry; and it is difficult to believe that so prevalent a feeling can have its origin in a miserable fallacy. A little reflection will enable us easily to account for it. The true source of the peculiar veneration in which agriculture has been always held, lies in the consciousness that it is to *this* art man is indebted for the staff of life, FOOD; while the rest serve only to minister to his convenience and luxury, and multiply his means of enjoyment. However important to his comfort may be the greater number of objects

which commerce and manufactures place at his disposal,—however justly he may prize these departments of industry for their varied and valuable gifts,—every one must feel that he is yet more deeply indebted to that art which furnishes him with the main support of his existence,—without which he could not survive the day. He feels that he *could* spare the products of the former arts, but not of the latter. *Those* supply him with luxuries and comforts, *this* with necessaries. Even if we must consider this a prejudice, it is at least a natural, and might well be a general one. But it is not a prejudice; in the present circumstances of society it has a sound and reasonable foundation. *So long as there are thousands of our fellow-creatures starving for want of necessaries*, the art which occupies itself in supplying them will, in the estimation of every friend to humanity, bear the palm over those which are engaged in providing superfluities! While there is FAMINE on the earth, every man of human feelings will desire to encourage the manufacture of corn in preference to that of cottons, silks, or muslins,—to stimulate the production of bread, even though at the expense of toys and trinkets.

But why should there be any lack of the necessaries of life? How is it that we boast of the multiplied inventions and improvements of civilization as having armed man with an immense increase of productive power,—if it be true that they have not yet enabled him to procure a sufficiency of necessaries for the bare support of his existence? In a condition of barbarism, with nothing to depend on but his natural resources, his existence is necessarily precarious; hunger and misery his occasional, perhaps frequent, visitors. But every step that he makes in knowledge and art, in the improvement of his faculties and the enlargement of his resources, *ought* to remove him farther and farther from

the reach of want. And it would be strange, indeed, if, after ages spent in successive victories over matter, and in accumulating the means of yet further conquests —after he has not only compelled whole races of the inferior animals to his service, but taught the very elements, each and all, to do his bidding with superior docility and far greater power—when invention after invention, one more perfect than the other, have multiplied his powers of production in every branch of industry to a considerable, and in some to an almost incalculable extent;—it would be indeed strange if, in spite of all this, man were still unable to escape the grasp of want,—still incapable of procuring a full sufficiency even of the coarsest necessaries on which to maintain life.

If such should, however, be the condition of the population of any country which has made a considerable progress in the arts of production, the simplest reflection will force upon us the conviction that gross mismanagement must prevail either in the direction of its resources, or the distribution of their produce.

We are thus brought to one of the most interesting questions of political economy,—the question indeed of highest importance to the welfare of mankind; and on which it has unfortunately happened that the most false and ruinously pernicious opinions have been professed by nearly every late writer on the subject,—the question on the relations naturally subsisting between population and food.

CHAPTER XI.

POPULATION AND SUBSISTENCE.

History of the supply of Food to an increasing People.—Early limitation of the numbers and resources of Man.—Hunting State.—Pastoral State.—Agricultural State.—Increased facilities for procuring Subsistence consequent on every Improvement.—Culture of inferior Soils indicative of increased, not of diminished Resources.—Sure Resource of Migration.—Colonization.—Vast extent of rich Soil yet uncultivated.—Unlimited capacity of the Globe for the production of Food.—Misery the result of Crime and Folly, not of any natural Law.—Food can easily be made to increase faster than Population—as also Capital of every kind.—Folly, mischief, and impiety of the Malthusian Doctrine.—True direction of prudence to the Increase of Food and Wealth, not the limitation of numbers and happiness.

WE repeat, this is infinitely the most interesting problem in the whole range of the science of Political Economy. That science we defined as having for its object the study of the circumstances which determine the abundance and general distribution among the members of a society of the necessaries, comforts, and luxuries of life. But it is obvious that of such circumstances the most momentous by far must be those which determine its supply of the MEANS OF SUBSISTENCE. No abundance of conveniences or luxuries can compensate a people for a deficiency of food! no interest is to be put for a moment in competition with that of a full supply of the means of subsistence for the entire population.

A deficiency in the means of subsistence is acknowledged to be in the present age the only obstacle of real importance (making abstraction of political and legislative impediments) that opposes itself to the continual and increasing prosperity of the inhabitants of the more civilized parts of the world. This, then, is the great

question that stands foremost in claiming the attention of the philosopher, the legislator, the statesman, and the man of humanity. What are the natural laws which determine the supply of food? Is there any reason why its increase should present greater difficulties than that of other objects of desire? Are there any artificial obstacles imposed by conventional institutions to its abundant production? For if so, they should be removed. Are there any means of encouraging and accelerating its production? For if so, they should be adopted.

Now there is nothing intricate or mysterious in the method by which man supplies himself with food, or in the natural circumstances that determine its abundance or deficiency;—nothing that can excuse or account for the extraordinary fallacies which have been put forth on this subject, and the frightful (it is difficult to refrain from saying the inhuman) conclusions which have been arrived at by some who have written volumes upon it. I am anxious to preserve this little work, as far as possible, from assuming a controversial character; and would willingly therefore refrain from characterizing, as they appear to me to deserve, the doctrines to which I allude,—and which are so well known by the name of their leading propagator, Mr. Malthus. But to treat lightly, and as a mere venial error, the promulgation of doctrines having so pernicious a tendency as these would amount to a kind of misprison of treason against humanity. None can doubt the benevolent intentions of the gentleman I have named, and of the greater number of his followers. But good intentions are not enough to rescue from deserved reprobation those who do their utmost to spread opinions tending materially to impede the happiness of millions of their fellow-creatures, without such a severe and searching examination of their truth,

as must, in the instance before us, if undertaken in a spirit of candour, have instantly detected the palpable errors which lay on the very surface of the argument.

The utter absurdity of the famous theorem of Mr. Malthus that population tends to increase in a geometrical ratio, while food can only increase in an arithmetical one, ("Principles of Population," Chap. I.) will be evident from the consideration, that human beings can at the utmost only double their numbers in (say) thirty years, while wheat multiplies itself thirty or forty-fold in one year, and sheep and oxen double their number every two years. The prolific powers, therefore, of these, the principal substances of the food of man, so infinitely exceed those of man himself, that if exercised to their full extent, they would, before a single couple of human beings could double its numbers (say in thirty years), and after abstracting the food necessary for maintaining this couple and their family during that period, have multiplied the amount of both vegetable and animal food at their command by more millions than this page could hold in cyphers.

The mischievous character of the doctrine lay in the direct inference (an inference that Mr. Malthus and his disciples lost no time in drawing from it) that human suffering cannot be alleviated by either legal or voluntary charity; that the poor have no claim whatever on the rich in that extreme misery which on his theory necessarily results from the sin of their having been born into a world already over peopled; that governments can in no way influence the material condition of their subjects; that all efforts to make food or capital keep pace with population are vain and fruitless, unless exclusively directed to keeping down the numbers of the latter.

In order to form a correct conception of the law of relation between population and subsistence, the first step, of course, should be to examine the plain and obvious circumstances on which the supply of food to an increasing people has always depended.

The sacred writings inform us that all mankind sprang from a single pair. But without recurring to the evidence of divine inspiration, all historical records unite in placing before us the fact that the numbers of men have been for many ages past continually on the increase, and lead us to believe that the race was at some former period few in number, confined within very narrow geographical limits, and endowed with a very scanty knowledge of the useful arts. Man's present numbers and territorial expansion have been progressively reached, as his knowledge, skill, and powers of production accumulated.

Whether there ever was a time when the progenitors of the now civilized nations of the globe were ignorant of the arts of agriculture and the domestication of cattle, is a question which, though seriously mooted of late by a writer of eminence in logic and theology,* is little worthy of investigation. Many savage tribes still existing offer an example of the mode in which our ancestors must have subsisted, if, as is probable, they once did

* Dr. Whately, in his Introductory Lectures on Political Economy delivered at Oxford, in 1830, argues in favour of the supposition that man was created with an innate knowledge of certain of the arts of civilization; and that the savage tribes still met with who are ignorant of these arts are not specimens of man in his primitive condition, but in a state of deterioration. This is a strange idea to have been seriously entertained by an acute reasoner. Man is certainly not born at present with any such innate knowledge. He acquires all he possesses only by instruction or invention. It is easy to conceive how this same faculty of invention may have suggested by degrees every step of the progress from the extreme of barbarism to that of civilization. But it is utterly impossible to conceive the creation of a being endowed *ab initio* with

exist in this state of comparative helplessness. Their sustenance must have been confined to the fruits and berries of the plain or forest, the flesh of wild animals and fish, and the water of the spring. But with the exception of the last, which alone will not support life, these spontaneous gifts of nature are very limited; and as the numbers of a society increased, there must have been felt a very inconvenient scarcity of food, such as we know to be habitually experienced by the savage tribes of America or Southern Africa. In this condition the horrors of want must have been frequent, even among a society which ranged over an extent of territory such as now could be made to support many times the number it was then incapable of sustaining. It has, indeed, been calculated on good authority, that one acre tilled according to good British husbandry will support as many individuals as a thousand acres of hunting ground in the wilds of savage America. The only resource by which such a people could escape the thinning of their numbers by famine would be a spreading in search of new hunting grounds. But with the feeble means they possessed for encountering the natural difficulties in the way of their migration, this resource must have often failed them. And even had they been able to extend themselves over the whole habitable surface of the globe, their numbers would soon have reached the limit which the earth was capable of supporting in this precarious manner.

a knowledge of the useful arts and sciences, of any or all of them. It may be said that all creation is an inconceivable mystery. True, and therefore we refer to it only what is not to be accounted for in any other way. Where secondary causes utterly fail, there we necessarily resort to the action of the great First Cause. But to attribute to the direct energy of the Deity, not merely the creation of man with all his wondrous natural faculties, but his instruction in the arts of milking cows, sowing corn, and making ploughs and pipkins, is surely consistent neither with sound philosophy nor rational theology.

It is probable that the pressure of want among some tribes so circumstanced suggested to them the art of domesticating those animals, whose milk or flesh supplies a wholesome and pleasant diet, by which a great addition was made to their power of providing themselves with food from a limited territory. A tract of land employed as pasturage for herds of cattle and flocks of sheep might be made to support, probably, not less than a hundred times the population which could subsist on its spontaneous supply of wild fruits and animals. This pastoral condition, accompanied, for very obvious reasons, with nomadic habits, still characterizes the population of some extensive regions of the earth.

But as the numbers of such a society increased, they might not impossibly find themselves pinched for want of a sufficient range of pasture land. We have an example of this recorded in the sacred history of the Jews. When Abraham and Lot sojourned together "between Bethel and Hai," having each large possessions of flocks and herds and tents, and a proportionately large patriarchal family or "tribe"—"the land," it is said, "was not able to bear them so that they might dwell together."* Under these circumstances two resources, as before, are open to such a people,—viz. either to spread themselves over other distant lands yet unoccupied, (which was the proposal of Abraham to Lot, "If thou wilt take to the left hand, I will go to the right; or if thou depart to the right hand, I will go to the left;") or by the exercise of their ingenuity to contrive means for making the district they inhabit afford them more copious supplies of food. To these, modern political economists have added a third, namely, the keeping their numbers sedulously within the limits of their existing means of subsistence by "a prudential abstinence from marriage." Fortunately

* Genesis, chap. xii.

our ancestors in the earlier ages of the world did not adopt this sage plan; or the probability is, that we, and the other civilized nations of the globe, would *never have existed* at all; and mankind would have been confined, in local occupation, to some one or two snug corners,—a rich oasis, or a fertile valley,—and in numbers, to the few thousands whom the pasture of this limited territory could supply with milk, cheese, and cattle!

Where nature or accident interposed difficulties in the way of the territorial extension of a growing population, as would happen in the case of an island, or a valley surrounded by high mountains, or a people already closely hemmed in by other tribes equally tending to redundancy,—the latter of the two natural resources we have mentioned would probably be adopted. Under such circumstances the *cultivation* of the wild fruits of the earth, the improvement of the pasture lands by manuring and irrigation, and the invention and practice, above all, of agriculture, would obviously suggest themselves as means for attaining the desired object of enlarging the supply of food to meet the growing demand for it.

AGRICULTURE, like most subsequent inventions and improvements in the useful arts, was doubtless the offspring of the *necessity* which drives a people to exertions, both corporeal and intellectual, for their maintenance. By it, even in its most imperfect state, as practised by the least advanced of agricultural nations, land of average fertility can be made to support many times the number of inhabitants that it will maintain under a system of promiscuous pasturage.

The agricultural system, however, is rarely at present, and seems seldom in any instance, to have been adopted to the exclusion of the pastoral, but only in aid of it; as the growing wants of increasing numbers might ren-

der it advisable to inclose, break up, and cultivate fresh tracts of arable land, the remainder being reserved as pasturage for the flocks and herds which the varied tastes and wants of the society required to be maintained.

At first the richest and most prolific soils are chosen for aration; and the habitations of their cultivators are permanently reared in the immediate vicinity of these favoured spots. As the habits of a purely pastoral tribe are necessarily nomadic, so those of an agricultural people are, for equally obvious reasons, settled and stationary. The tents of the former are exchanged for houses of timber, stone, clay, brick, or other accessible material, when they betake themselves to the inclosure, cultivation, and improvement of particular patches of soil. As the population quartered on these spots increases, and requires larger supplies of food, a fresh surface is broken up. And when all the soils of the richest quality in the occupation of a people, or tribe, are already in tillage, soils of an inferior quality will be perhaps resorted to. But, in the meantime, division of labour is taking place, and improvements of various kinds are making as well in agriculture, as in the other arts of production; so that it will probably happen that corn or other food may be raised from these secondary soils with less trouble, that is to say, at a less cost of labour and capital, than what, in the infancy of agriculture, were expended on the very first-rate qualities of soil to produce the same return. So far, therefore, from a resort to the cultivation of inferior soils being necessarily accompanied by, or attesting, any diminution in the comparative abundance of food, or any increasing difficulty in the means of procuring it, (a doctrine laid down by a large sect of political economists, as a fundamental proposition on which to erect their science,) such

a step is, on the contrary, quite compatible with a continual increase of the quantity, or improvement of the quality, of the food at the command of each individual, —and is to the full as likely to be symptomatic of an increased as of a diminished capacity for procuring it.

There have, in truth, been few grosser fallacies promulgated by modern political economists, than this doctrine of the "decreasing fertility of the soil." The fertility—or productiveness—of soils is, on the contrary, daily *increasing*, with every advance in the science of agriculture ; and not only of agriculture but of every other useful art, since every step made in such arts liberates more labour to be employed, if needed, in the cultivation of the soil without any diminution of the other comforts at the command of a people. The very reverse, therefore, of the doctrine we allude to, is the truth. And how paradoxical its very enunciation ! These writers would persuade us that it becomes every year more difficult to produce food !—that as the productive powers of man advance, those of nature decline ; —that as man's numbers increase, and his ingenuity and knowledge and instruments of every kind improve, his means of extracting a bare subsistence from the bosom of the earth diminish ! As well might they tell us that, as the stream rolls onward from its mountain springlet to the distant ocean, the volume of its waters is lessened by every tributary it receives into its bosom.

But it is insisted upon that there is an "iron necessity" which compels the expenditure of more labour and more capital to produce the same returns, as more food is wanted and fresh soils are taken into cultivation ! What a contradiction this to every known fact ! Why, have we not been continually taking fresh soils into cultivation in this island for the last eight or ten centu-

ries? And will any one deny that a quarter of corn can be raised now at less cost of labour and capital than in the time of Alfred? If not, how does it happen, that, whereas nearly the entire population was then employed in agriculture, less than *one third* is at present enough to supply the whole with food? * But this is, in truth, the usual progress of nations as they advance in numbers and civilization. The proportion of their productive power employed in the gratification of new and varied tastes for comforts or luxuries, is continually increasing —every improvement of agriculture and the subsidiary arts enabling a smaller proportion to supply the whole with food. This law is universal, and establishes the very reverse of the proposition we oppose.

Indeed, under ordinary circumstances, the cultivation of inferior qualities of soil may be declared to be directly indicative of an increased power of production, and an enlargement of the resources of a people. If we take this step, it is not (as the economists referred to declare) that we are driven to it by any stern necessity for procuring food at whatever increased cost; but on the contrary it *can* only be that we are enabled by improvements in agriculture, and its auxiliary arts, to procure it from the inferior soils close to us at a less sacrifice than the very trifling one of either bringing it from, or removing ourselves to, the soils of first quality which remain yet uncultivated at a comparative distance. For it is clear that, besides the cultivation of the inferior soils, and the importation of food from abroad, there has always been *another* easy resource open to a people whose numbers are increasing, so as to press

* [1873. The vast importations of foreign corn that have become normal since the repeal of the Corn-laws, do not invalidate, but rather strengthens this argument, since all imports are bought by exchange of some product of native industry.]

upon the limits of the subsistence immediately within their reach, the simple step, namely, of *migration*; of extending their territorial occupation, and spreading themselves beyond the geographical limits by which fortuitious circumstances may have up to that time circumscribed their dominion. Few nations could have been opposed by any great difficulties in this extension of their territory; none could ever have found such obstacles insurmountable by a moderate exercise of foresight and ingenuity. Some may have been hemmed in by natural limits, mountains, seas, or rivers. Some by neighbouring and closely-peopled states. But abstracting the danger of hostile collisions with their neighbours, which prudent and conciliatory arrangements might always easily obviate, no difficulties could oppose the migration of their swarms, other than the more or less of *distance* to be traversed in search of an unoccupied spot, and the necessity of preparing a sufficient stock of food for maintenance of the swarm during the journey; and until they had reduced their new territory to cultivation and fruitfulness. These are surely not such obstacles as a moderate exercise of foresight could not always with the utmost facility surmount.

Accordingly, we find this migratory process to have been frequently adopted. *Colonies* have been founded in various parts of the earth, by the overflow of nations, whose numbers were increasing inconveniently, as compared with the means of a limited territory for maintaining them. And to this natural and beneficial process—adopted under the influence of that pressure of population on subsistence which the Malthusians so much deplore—it is owing that there are few extensive regions of the earth, in some corner or other of which something like a human settlement has not been effected.

But yet, after all that has been done in this respect, it is a fact that by far the greater portion of the surface of the earth remains a wilderness, contributing nothing to the support or benefit of man, however teeming with fertility, and is still open to his appropriation whenever he chooses to make the slight exertion required for this purpose. In every quarter of the globe, in Europe, Asia, Africa, the Americas, Australia, lie vast tracts of rich and easily cultivable land, still untouched by man, and but nominally, if at all, appropriated,—tracts easily accessible, equally fitted for pasturage and aration, and capable, if reduced to cultivation, according to the improved methods now in use among civilized nations, of supplying a sufficiency of food for the maintenance of certainly some hundred, probably several thousand times the number of human beings now existing on the globe.*

With respect to the food-producing capacities of our own country and its colonies, we may refer to the calculations of a writer in the Quarterly Review,† who estimates the cultivable extent of our colonial territories at twenty-one millions of square miles, each capable of supporting two hundred inhabitants; *i. e.* in the whole 4200 millions of persons, or about one hundred and seventy times our actual numbers, at the present British standard of maintenance; so that if it were even supposed possible that our population should double its numbers in every generation, many generations must pass away before there could be a greater scarcity of food felt than at present; and this upon the incredible supposition, that our agricultural skill should in the mean time remain unimproved.

If it be asked what room there is for a similar

* See the Frontispiece to this volume, and Appendix A.

† Vol. xlviii., p. 60.

development of the other nations of the earth, we answer, firstly, that there is but too much reason to fear that their misgovernment, disturbances, want of security for property, and frequent exposure to the scourges of war, pestilence, and famine, will yet for many generations to come prevent their makihg much progress in population. But should a more favourable state of things turn up, Europe alone has, we are convinced, a sufficiehcy of surface-soils to support, if duly cultivated, a hundred times her present population ; and in Asia, Africa, and the two Americas, excepting, perhaps, China and India, the resources of the soil are as yet hardly entered upon. Look, for example, at the almost boundless plains of South America, which intervene between the Andes and the Atlantic—plains chiefly composed of deep alluvial soil, fertilized and intersected in every direction by the most magnificent navigable rivers and a rich maze of tributaries. Capt. Alexander, in his Trans-Atlantic Sketches, justly remarks : "I often wished that some of those who think that ere long the world will be over-peopled, and that we shall shoulder one another off it, or into the sea, could view the vast solitudes of Guiana, and reflect that *nearly the whole* of the interior of the South American continent, though capable of supporting BILLIONS of inhabitants, it as yet almost entirely in the keeping of nature."

For the capabilities of North America we refer to Mr. Stuart, who, in his late work on America, quotes from the American Quarterly Review a passage, the accuracy of which he confirms from his own observation, descriptive of the great plain which composes the northern portion of the basin of the Mississippi. "It extends from the western slope of the Alleghany to the sand plain at the foot of the Rocky Mountains, a distance of about 1500 miles in length, and from the valley of

the northern lakes to the mouth of the Ohio, a distance of 600 miles in width." "It is uniformly fertile, *literally all arable.* There are no sterile plains, no rocky or precipitous ridges, and scarcely any swamps, to deform its fair surface. This uninterrupted fertility arises from the decomposition of the great limestone pan on which it rests." "It is dry, clean and healthful. In addition to its unlimited agricultural capacity, this great plain abounds in mineral resources. Its coal-fields would cover half Europe." "Iron, lead, gypsum, and saltpetre are found in great abundance." "Here, indeed, 'every rood of land will support its man;' for of such a region, without barren mountain, or waste, where all is fertile and healthful, where no timber lands need be left for fuel, with mineral resources enough to stimulate all the arts, and contribute to supply all wants, who can say what is the limit of its future population? Europe could seat all her nations comfortably on this plain."

Mr. Stuart describes all those portions of this vast tract which he visited as consisting uniformly of *prairie* land, thinly dotted over with timber, like a nobleman's park in England; composed of the richest vegetable soil, from three to forty feet deep, and producing from thirty to fifty bushels of wheat per acre, with oats and Indian corn in rotation, for an indefinite succession of years without manure. He describes second crops of wheat, *self-sown from the mere droppings of the former crop,* as producing thirty-four bushels per acre! and with proper cultivation forty bushels are sure to be obtained as an average annual crop.*

A simple calculation will show us that the plain thus described contains 900,000 square smiles, or 576 millions of acres. Let us allow something for the exaggeration of its description, and suppose only

* Stuart: Three Years in America, vol. ii. pp. 387, 494.

500 millions of acres to possess the qualities attributed by these writers to the whole. Each acre, producing annually forty bushels of corn, should well support a family of four persons; so that here, *in this one valley*, there is ample room for *twice* the entire population of the globe to provide themselves with an abundance of the most nutritious food. *And this is but one-half of the basin of but one American river!*

To return to the old world, look, we say, at the Danubian provinces, at Asia Minor, Persia, Central Asia, and the vast extent of Asiatic Russia,—can it be doubted that these districts, under a government which protected industry from unjust exaction, would afford sustenance to very many times their present number of inhabitants? Of Northern Africa it is known that a great extent of its surface was once highly cultivated, and supported a dense population. And we can see no reason for believing, that, with the aid of modern skill and science, it may not again be brought to at least an equal state of fertility. Of the central parts of that vast continent, south of the Sandy Desert, too little is known for us to speak with any confidence of its resources; but harassed and brutalized as its inhabitants are, for the most part, by the odious traffic in slaves, oppressed by predatory tribes, and subjected to the tyranny of atrocious despots, it is impossible to believe that their numbers have as yet made anything like an approach to the limits of the capacity of the country for their support.

So far, therefore, from its being true, that the population either of the British kingdoms, or of the world at large, is already as numerous as can be maintained off the soils which are at their disposal, we believe it does not reach the one-thousandth part of the number which these soils would feed, were the agricultural

skill, and science, and other resources which the most advanced among the nations even now possess, judiciously applied to their cultivation; and we can see nothing to prevent those resources being, in the course of time, themselves multiplied a hundred, perhaps a thousand-fold by future discoveries and improvements. It has been calculated, as we have already said, that one acre now may be made to maintain as many human beings as could live upon a thousand acres of hunting ground, in an age when man lived by the chase alone. Can we presume to assert, that, in the progress of agricultural chemistry, the science of manures, and vegetable and animal physiology, other improvements may not carry us as far forward again, so that, if need were, even the thousandth part of an acre may support as many as one acre does now? Strange as this may sound in the present state of our knowledge, things that sounded as strange to our forefathers have already been brought about.

But it is said, we must be brought to a stand-still *at length*, for the surface of the globe will afford elbow-room for but a limited number! Dr. Chalmers seriously adduces this ultimate prospect as an argument, and laments over the risk of men becoming as thickly packed "as mites in a cheese!" Now, in the first place, the predicted calamity does not appear to us so very horrible—the mites, for aught we can see, have a very happy time of it. In the next, we submit, that when there appears any near prospect of such an over-peopling as that—of a deficiency of standing-room for the inhabitants of the world—it may be time to consider the propriety of restraining the inclinations of young men and maidens to marry and be given in marriage. And it ought to relieve the anxiety of these philosophers for the fate of such as may have their lot

cast in those distant times, that in the works of Mr. Malthus and Dr. Chalmers—not to speak of the more direct checks suggested by Mr. Mill, and practised, it is said, in some continental countries, they are provided with a specific—*infallible*, by their account, in its effect of "upholding a well-conditioned state of society," by checking the rate of increase at any point where it may be considered desirable. The very confidence the Malthusians possess in the excellence of their specific ought to be enough to convince them that no ultimate injury need be apprehended from the over-increase of population, with so obvious and easy a resource at hand. But to persuade us to have recourse to it NOW—when, in some quarters of the globe, next neighbours are separated by an interval of leagues, and the progress of civilization is delayed, not by a redundancy, but by a deficiency of hands—when, as we have shown reason to believe, the earth is calculated to hold *at least* a thousand times its present numbers without any necessity of inconvenience either from want of food or room—when, even were every nation under the sun to be released from all the natural and artificial checks on their increase, and to start off breeding at the fastest possible rate, many, very many, generations must elapse before any necessary pressure *could* be felt—and when, unhappily, the melancholy truth is, that there is little probability of any number of nations, perhaps not even of one, being placed for ages under such favourable circumstances—in this, the actual state of things—to bid mankind, or rather *the peasantry of Britain*, on their peril, to refrain from marriage, lest *the world* be *immediately* over-peopled!—This is indeed right midsummer madness—the *ne plus ultra* of moonstruck, Laputan philosophy. And out only wonder is, that these philanthropists—who would

cramp the development of the present race of man in their benevolent care for the comfort of his posterity in the hundredth generation—do not likewise preach a crusade against artificial fires, as robbing the atmosphere of its oxygen; stint us of spring water, lest we drink the heavens dry; and call for a prohibition of dark colours, as tending by their absorption to exhaust the sun of his light. Air, light, and water—like the food-producing powers of the earth—have their ultimate limits; and we are probably no nearer to the one than to the others.

[This argument has been lately reproduced in an able and exhaustive manner by Mr. W. R. Greg, in the volume entitled "Enigmas of Life" (Trübner, 1872). It seems strange that any refutation of a doctrine so shallow, and so opposed to the most obvious facts, should still be needed in the present day. Yet it is certain that many of the writers on Political Economy, who enjoy the widest reputation, base the most important of their conclusions upon it. Mrs. Fawcett, following Mr. J. S. Mill, declares that "a right conception of the importance of these (the Malthusian) views on population is fundamental (*sic*) to an understanding of the causes which regulate the wages of labour" ("Political Economy for Beginners," ed. 1872, p. 110). In Mr. J. S. Mill's volumes the Malthusian theory constitutes the cardinal point upon which his whole system hinges. Notwithstanding this, he finds himself compelled by the criticisms that theory had encountered before his essay was written, to admit that the "tendency of population to outrun the means of subsistence" is, and always has been, practically counteracted by every improvement in agriculture, and (under a free importation of food in exchange for manufactures) in the other branches of

industry; and, moreover, that if these improvements do not increase at any time so fast as population (although, in fact, they have always done so), there remains the easy resource of emigration to other countries, where labour judiciously exerted is secure of obtaining ample subsistence. This last resource he cannot deny to be within reach of every population that threatens to outstrip its local means of obtaining food, through an indefinite period. These admissions evidently destroy the practical worth of the theory which he still thinks it necessary to maintain. No judicious adviser of the poorer classes would deprecate "prudential restraint" upon marriage, or absolve young people from the necessity of looking to the future of themselves, and of the families they are likely to give birth to if they enter upon that engagement before a fair prospect is open to them of maintaining themselves and their children in decent comfort. That is a wise precaution in their individual interest. But to preach abstinence from marriage to the labouring class generally, as a *duty* they owe to *society*, (Mr. Mill's exact expression) lest *the world* should be too quickly over-peopled, is the blindest of Quixotisms.

It has always struck me as a singular inconsistency in Mr. Mill, who has through his life been a stanch advocate of Utilitarianism, whose first maxim is "the greatest happiness of *the greatest number* as the object at which all moral and social institutions ought to aim," that he, of all writers, should insist on the artificial limitation of the numbers of every society as a virtue, when, by his own admission, there is yet "ample room and verge enough" for any possible increase of happy people in the world through untold generations to come, if wise measures are taken by them to obtain food in return for their labour. He has been doing

his best to limit the number of happy beings all his life, by preaching up every practicable contrivance (and some of them of no very delicate character) for preventing any increase of population anywhere. How can he reconcile such a result, if he could attain it, with the great end of all social action—the greatest happiness of the greatest number?

In truth, the obstinate persistence of the Malthusian economists in their dogma is not merely a mistake, having no worse result than to vitiate their arguments on the subjects of labour and capital, it directly inculcates the most anti-social principles among the working classes. For example, Mr. Mill says (Book II., Chap. XIII.), "Every labourer should look upon every other who has more than the number of children which *the circumstances of society* (mark, not his own, nor those even of his immediate neighbours, but those of *society* at large) *allowed to each*, as *doing him a wrong*, as filling up *the place to which he was entitled;*" thus adopting literally the often quoted denunciation by Malthus of the destitute poor. "They are usurping a place to which they have no title. At Nature's table there is no room for them. It is full."

According to this doctrine, every labourer is a born enemy to every other, reducing his chance of getting work and a maintenance; and the fratricidal violence of the unionists against their non-unionist fellow-labourers, and their attempts to keep down the number of workmen in their several handicrafts, are justified as necessary measures of self-protection. Rattening and picketing are the appropriate outcome of Mr. Mill's teaching. In despair, however, of inducing the labouring class to renounce marriage; he, like a true theorist, finally suggests as an ultimate resource the enactment

of legal restraints on the multiplication of families. (Book II., Chap. XIII., § 2.)

Mr. Mill sat in Parliament for several sessions. How is it that he did not introduce a bill for this precious object? Such a proposal would have secured immortal fame for his Parliamentary career.

I hope I shall not be accused of speaking contemptuously and harshly of a writer of established reputation, in making these remarks upon Mr. Mill's anti-population doctrines. He himself is most arrogant and supercilious in reproving, *ex cathedrâ*, those who have disputed and still dispute his views.]

It is evident, then, that there is not as yet, and never has been, any *necessary* bar or limit to the supply of human food, and consequently to the increase of human population. That locally and temporarily such a limit has been continually felt, as societies increased beyond their actual provision of the means of support, is consonant to the supposed course of human progress which we have just sketched out, and amounts to the truism that a growing society constantly *needs* ar enlargement of its supply of food. The advantages man has derived from the pressure of this necessity, in continually "sharpening his wits," and urging him to devise means for removing the local limit to his supply of necessaries, are as obvious as they are incalculably great. But it is quite evident that any inconvenient "pressure of population against food" was either caused by the natural unwillingness of man to labour to produce more food than he had occasion for; or at the worst, by the unwise misdirection of his resources; since it was at all times open to him, by the exercise of a very moderate amount of foresight and industry, to enlarge his supplies of sustenance as his numbers and wants increased. And this by one of three courses:

either by taking into cultivation the inferior soils which were under his hand; or by exchanging some of the products of his industry with the inhabitants of other countries, who could produce food at less cost than himself; or, if he found it more agreeable or more profitable, by sending out the growing excess of his numbers to occupy, cultivate, and people such of the unappropriated and highly fertile portions of the earth as lay most convenient for his purposes.

We are far from denying that want and famine have constantly been at work, thinning the ranks of the great human family. But what we maintain is, that this evil has ever and everywhere been the consequence of the folly or criminality of man, of his mistaken arrangements or anti-social passions—usually of the oppressive extortion of his rulers,—NEVER, in any one instance, of a necessity which could not have been easily obviated by wise and prudent forethought, in proportioning (not the number of feeders to the supply of food, but) the supply of food to the probable demand; —still less to any inherent law of nature, such as Mr. Malthus and his followers insist upon, rendering it the deplorable destiny of men to wage an eternal and unsuccessful struggle against famine, unless they consent to forego the sweetest and least selfish of enjoyments for which nature has fitted them.

Misery and vice enough, indeed, have there been. But so far from these evils having been of necessity occasioned by "the tendency of population to press against the means of subsistence," that tendency has been productive of incalculable good, and of no evil that might not with the utmost facility have been avoided. There was always at hand more than one simple, easy, and effectual resource for keeping the means of subsistence level, *at least*, with the wants of any possible population.

The misery and woe, the vice and starvation that have exhibited themselves in such frightful frequency among men, have been ever the effect of tyranny and crime, of misgovernment, of the indulgence of their evil passions; of the misdirection of the exertions of a people, not so much through their own ignorance and mistaken views (for the instinct which prompts the man, as well as the ant, to secure himself from hunger by timely precautions, might be safely trusted to accomplish that end), as through the force or fraud of the powerful, and the control of unjust or unwise institutions, which have tied up the hands of millions, and prevented them from helping themselves to the abundance provided by a bountiful Creator as the meet reward of their exertions; which have confined those exertions by artificial restraints, enforced for the supposed benefit of the powerful few, till disease and famine have thinned their numbers, or, like caged rats, they have been goaded by despair and hunger to prey upon each other.*

*[As one example among the hundreds that might be cited of the shocking waste of the natural resources offered by Providence to man's use, if only he would avail himself of them, I will quote the story of San Domingo, as told by a recent writer:—

"Mr. Hazard makes no pretension (he says) to be the historian of St. Domingo, but gives a clear and concise account of the island from the time when the first European set foot upon its shores until the final departure of the Spaniards in 1865, which will probably satisfy the curiosity of the general reader. It is a sad story enough, for it describes one of the loveliest and most productive islands in the world as suffering in different periods from repeated conquests, treachery, religious intolerance, and the worst kind of slavery; so that instead of plenty we sometimes read of famine, instead of successful commerce of continual bloodshed, while at the best the prosperity of the planters has been earned at the bitter cost of the slave. The Indians were the first to groan under the cruelty of their European taskmasters. When Columbus discovered the island it had, at the lowest estimate, a million of inhabitants; in fifteen years they were reduced to 60,000, in twenty-one years to 14,000, and so intolerable was the treatment of the natives that large numbers escaped from their misery by suicide. Then followed the traffic in

Enough has been said, we think, to prove that there OUGHT to be no deficiency of food in a civilized community—that there CAN be none in any whose home resources are well and prudently managed, and where, when these incline to fail, a provident use is made in time of the great natural resource of emigration.

But it may be said, "Man does not live by bread alone;" there are many other things almost, if not quite, as necessary to him: clothing, fuel, shelter, and the decent comforts of civilized existence. The same argument, however, which we have used with respect to food, applies equally to all these things. In a com-

negro slaves. . . . . The Inquisition, too, set up its diabolical power in the island, and the misery that must have been caused by it is evident from the fact that the inquisitors were paid from the confiscations made by themselves. Add to these evils the absurd laws passed for the regulation of the trade with the mother country; the wars and fillibustering expeditions that devastated the land, which became successively the battle-ground of Englishmen, Frenchmen, and Spaniards, and more recently of Haytians and Dominicans; and the troubles that, notwithstanding some brief and hopeful seasons of prosperity, have afflicted the island for the last three years are readily explained. Indeed, the very success achieved at certain periods both by Frenchmen and Spaniards seemed but the prelude to fresh disturbances and to more prolonged misery. The progress made in French St. Domingo during the eighteenth century was enormous, as Mr. Hazard's statistics show, and the planters 'lived the lives of perfect Sybarites, indulging in every luxury.' At the same time the luxurious masters, as cruel as they were effeminate, treated their slaves with the utmost barbarity. The French Revolution led to the horrible revolution in St. Domingo. The mulattoes rose, the colonists quarrelled among themselves, the negroes showed their bloodthirstiness, which was met by terrible retribution; and at length a fierce civil war devastated the land. The dreadful tale is briefly told by Mr. Hazard, who relates also the costly attempts made by England to gain possession of the island, the story of Toussaint's government, and the atrocities committed by Dessalines. Then followed revolution after revolution, horror upon horror, and at one time the island was divided by five separate governments.

"Even at this time no improvements take place, and every class is said to be poor; but the writer believes the climate to be very healthy. Communication by land from one town to another is at

munity which has made any considerable advance in the arts, there ought to be, and, in the absence of the grossest mismanagement of its resources on the part of those to whom their direction is intrusted, *must be*, an ample abundance, not merely of the necessaries, but likewise of the comforts and conveniences of life, for every individual member who has not by his own vice, folly, or criminality, forfeited his share. And, indeed, this follows so directly from the mere definition of an advance in civilization, that I am rapt in astonishment at its ever having been disputed.

The effect of a continued improvement in the arts of production is to increase the productive power *of every individual*, and consequently to augment the aggregate productiveness of a nation *in proportion to its numbers*. Whether the improvement be in agriculture or the other useful arts, it tends directly to enable each individual in the community to obtain an increased share of some one of the necessaries, comforts, and luxuries of life by the same expenditure of labour and capital; or the same share as before at a less expense, leaving him a surplus

times utterly impossible, and only at intervals by mule and horseback. When the traveller expressed his surprise that in so delicious a climate it was the rarest thing to find even a small flower-garden, the invariable reply was, 'What is the use? As soon as we had one made, it would be destroyed in another revolution.' And this, too, was the answer given to all inquiries with regard to the neglected condition of the country. No one cares to expend labour or money where property is wholly insecure. So the land is left in large measure uncultivated, except in certain favoured positions; and Mr. Hazard says there is not a plough on the island. Yet the soil will grow in abundance every variety of tropical product—tobacco, sugar, rice, coffee, cocoa, and indigo—while the cotton-tree and the cabulla, from which rope is made, 'grow naturally, without care, on this dry land, and, with care and cultivation, could be made to flourish in extensive plantations.' From first to last this is the burden of Mr. Hazard's narrative. A country that, from its soil and its mines, might yield enormous wealth, is suffering from the miseries of a weak and unstable Government."]

of means applicable to the acquisition of some further gratifications.

It is not denied by any that the productive powers of man, his skill, and knowledge, and artificial resources, have been continually on the increase; nay, that they have multiplied, within a few years past, in an extraordinary degree. Those of nature, on the other hand, have surely undergone no decay. On the contrary, every hour is opening to us a knowledge of fresh natural powers with which we were before unacquainted. There is certainly no deficiency of space for the development of man's industry; nor is there any lack of water to turn his machinery and float his shipping; of winds to impel them over the ocean; of fuel to supply his furnaces and animate his engines; of mineral veins to afford him the metals, or of rocks to yield him the stones he employs in the various arts. There is no deficiency, as we have seen, of unoccupied soils, of high fertility and easily accessible by him, on which to rear innumerable flocks and herds, and to produce—if he choose to cultivate them—infinite supplies of cotton, silk, flax, hemp, indigo, and every other raw material required for the fabrication of endless comforts and luxuries, as well as of corn, wine, oil, fruits, and every other vegetable substance which he may be desirous of consuming as food. There is, therefore, in our conception, no discernible cause why his capital, his wealth, and the abundance of the necessaries, comforts, and luxuries of life at his disposal should not, if he chooses, increase *as rapidly, at least,* as his numbers: whilst every improvement in his skill, and every addition to his knowledge, plainly puts it in his power to cause all these means of enjoyment to increase in a still faster ratio than his numbers, and consequently to cause a continual augmentation of the average share of each individual in the society.

It has been, however, urged by writers from whom abler views might have been expected, and repeated by others, who have learnt a parrot-lesson from them, until the dogma has been received as a fundamental axiom from which the main propositions of political economy are to be deduced—that it is next to impossible to make the increase of Capital keep pace with that of population; that the latter has an inherent and perpetual *tendency* to outstrip the former, and that this tendency can only be counteracted, and the evils it threatens to produce obviated, by a prudential limitation of the numbers of every society, so as to keep their rate of increase within that of capital.

The simple consideration we have adverted to ought long since to have exploded these anti-social and barbarizing errors. For what in fact composes the *capital*, the slow rate of increase of which is complained of as limiting the numbers of mankind; what, but the things we have spoken of—the corn, wine, oil, hemp, flax, iron, and all the other joint products of the labour of man and nature? And if it be true that there is, as yet, no symptom of deficiency on the part of nature, every addition to the numbers of man (supposing his skill and knowledge not to deteriorate) must add proportionately to his power of producing capital of any and every kind that he may desire. The increase of population is *pro tanto* a direct increase of the means of generating capital. And if the skill, and knowledge, and industry of a people increase at the same time with their numbers (and their known tendency is to increase with rapidity, under wise institutions), it is *their* fault, and theirs only, if their capital, and the aggregate of the means of enjoyment to be shared among them do not increase, not only in the same, but in a much larger, ratio than their numbers.

Should they, indeed, choose to be contented with less; should they prefer idleness and moderate present enjoyment, to industry and a great increase of future enjoyment; should their spirit of accumulation and production flag *through satiety*, that would be some reason for diminution in the rate of increase of capital and wealth: but not for such a diminution as could ever be productive of privation or suffering; since these would immediately act as stimuli to a renewal of the efforts of industry.

We know, however, that, in this country at least, the love of saving, and the appetency for new and varied enjoyments, and the readiness to invent new means of gratification, have not experienced, nor are they likely to experience, any such relaxation. On the contrary, the ardour of gain grows more intense by indulgence; and production is never likely to fall off through a general unwillingness to consume.

[The idea of even a possible deficiency of capital as respects this country, and, indeed, the civilized world, can hardly be entertained in the face of the notorious plethora of capital which is always and everywhere seeking employment, and often is embarked in wild and unprofitable schemes. The amount invested in loans to the several Governments of the two hemispheres, (chiefly furnished by our own capitalists) within the last half-century, is calculated by a recent writer in the *Pall Mall Gazette*, at no less than £4,200,000,000! and that independent of the sums invested in railways and other great public works by private companies. The truth is that capital increases in European communities faster than the means for employing it safely and profitably, through the mis-direction of the energies of their peoples, and hence we see the vast amounts of hoarded treasure brought to light, to

the astonishment of every one, by such offers to borrow as were lately made in France in the case of the War Indemnity Loan.]

But, in fact, capital, in the sense in which it is employed by those writers who declare its deficiency to be the main check upon the comfortable maintenance of an increasing population—namely, the fund for the employment of labour, and the subsistence of the labourers—consists simply in FOOD, or the means of obtaining food. We have already shown how absolutely inexhaustible is the capacity of the earth for supplying with food almost any conceivable, certainly for many ages any possible, multiple of the number of human beings now existing on its surface, if they will only take the simple, easy, and obvious means which a very slight exercise of foresight and prudence would place in their power for availing themselves of this capacity. Any inconvenient pressure, therefore, of population against food can only be owing to want of foresight and management on the part of the people or their rulers. If improvements in agriculture, or the growth of agricultural capital do not take place fast enough to supply the growing population from their home soils, and the importation of sufficient food from foreign soils is either too difficult or from any cause impeded, there remains the sure, and easy, and effectual resource of migration to some of those other lands of extraordinary fertility and unbounded extent which lie open to the occupation of any portion of the family of man throughout both hemispheres, and seem to reproach us for having so long neglected to avail ourselves of the endless bounties which nature has there lavishly poured out for our acceptance. Can we, under these circumstances, justify the narrow and inconsiderate reasoning of those who tell us that the world is already too fully

peopled; that all the evils of society arise from this excess of numbers; and that no hope remains for miserable man, except by such a cultivation of his prudential faculties as will lead him to renounce, till a late period of his life, if possible for his whole life, that sacred, healthful, and blessed tie which religion and society have substituted for the vicious, promiscuous satisfaction of an irrepressible instinct! I will not go into the arguments by which it has been proved that any attempt to check or defer marriage only encourages vice; or those by which it may be easily shown that the ties which the Malthusians reprobate are the source of the most exquisite happiness which human life affords. I content myself with having *proved* the utter absence of a necessity for any artificial check on the natural increase of population; and I leave it to others to calculate the immense amount of crime, vice, and misery, and the still more immense annihilation of human happiness, which would be brought about were the advocates of the prudential check upon marriage successfully to propagate their doctrine, and induce large masses of people to bend their energies and direct their prudential efforts to the keeping down of their numbers, instead of to the easy task of providing those numbers with increasing supplies of food, comforts, and the means of enjoyment.

[I likewise advocate prudence, and would wish to inculcate it, by education, on every class. I would urge upon every youth of the labouring class in this country approaching to manhood, to refrain from marriage until he has a fair prospect of being able to maintain a family; and this for his own sake and theirs, not in the interest of mankind at large—a motive not likely to have much weight with him. I would urge him, if profitable employment near his early home is not at his command,

to seek information as to its being obtainable in some other part of the United Kingdom, and should he discover this to be the fact, to lose no time in migrating there. It is notorious that the wages even of unskilled labour are twice or thrice as much in the northern counties of England as in the southern. Acting thus, and economizing his expenditure, he may easily lay by (say in the P. O. Savings'-bank) several pounds a year; and at the end of a few years be able either to marry and settle in his native country with every prospect of supporting a family in decent comfort; or, should this appear to fail, the few pounds saved will carry him and his chosen partner to North America, Canada, or one of the Australian Colonies, where there is a great and continually increasing demand for labourers. At this moment (March, 1873) the colonies of Canada, Australia, and New Zealand are competing with one another in offers of all but gratuitous passages to able-bodied emigrants from this country; and, once there, high wages, and plentiful food while at work for an employer, and the certainty of being able, if they choose, in a very short time, to settle on farms of their own, await them, on the sole conditions of industry, sobriety, and frugality.]*

* I cannot refrain from quoting here in illustration of the above assertion, the following passage from an article in the *Times* of February 20th, 1873:—

"In the Letter of our New Zealand Correspondent which we publish to-day, as also in the Letters from New South Wales and Victoria published yesterday, may be read a tale of starvation which ought to find an echo in several hundred thousand British bosoms. These magnificent colonies, which, taking them all in all, are the finest in the world, are suffering a grievous famine. It is not the famine that we hear of at home, when Ireland, or the East-end of London, or an Indian Province raises to Heaven the piteous cry that families and populations are perishing for want of potatoes, bread, or rice. No; the dearth which may be said to extend through the fairest regions of the Southern Hemisphere is the Dearth of Labour. It

This is the character of the "prudential foresight" which I would recommend to the youth of this country whenever and wherever they find their means straitened by the mutual competition of their class at home. It differs materially in its direction from that which Mr. Malthus, Dr. Chalmers, Mr. Mill, and their disciples advocate as the only plank of safety against want and

is the scarcity of men. It is the high price that must be given to any average possessor of the usual complement of limbs, blessed with common health and strength, and able to do a day's work. The market for labour is so high in those regions that any working man can be sure of wages that will enable him to live well, to keep his family well, to put money by, and to become farmer, landowner, and all that he commonly desires. In New Zealand our people are at their wits' end for working men. The European population of both Islands—all three, as they prefer to be described—is only about a quarter of a million. But this mere handful possesses an unlimited territory, fertile, beautiful, and pleasant to live in; it is full of vigour and enterprise, it has rapidly increasing public revenues, the Canterbury Province alone half a million a year; it is pushing railways as fast as they can be made; it has abundance of flocks and herds, only wanting more shepherds and herdsmen; it has minerals, useful or precious, for those who choose to dig for them. One thing only it has not, and this single want half spoils all the rest —it has not hands enough. The harvest is great, but the labourers are few. Our people have been coaxing and pampering the remnent of the Maories, giving them plenty of mutton and rum, beef and beer, tobacco and tea; they get some work out of the poor creatures, but the sad truth must be told—the Maories are vanishing fast; they die fast, they no longer perpetuate their race, they will soon be extinct, as all savages do become extinct, like moths, in the blaze of European civilization, and then New Zealand will be as purely English as Warwickshire, Hants, or Dorset, excepting only in the very un-English picture that in New Zealand it is two masters, or rather half-a-dozen masters, after one man, instead of two men after one master.

"We ask, for the thousandth time, why do not our people go to the Paradise, or to one of the half-dozen Paradises, now easily reached by a safe and pleasant voyage of a few weeks, at a cost which any working man may cover with a year or two's labour and thrift? In New Zealand colonists in their desperation are offering passages that will cost a good labourer no more than £5 or £7 out of his own pocket. The 7,000 emigrants landed during the past year are a mere drop in the ocean. They are absorbed, and the

misery. *They* insist upon a limitation of the number of consumers; I deprecate any special interference with the natural increase of human beings, which Providence has intended, and for whom He has provided ample means of subsistence and enjoyment in this world, if they will wisely avail themselves of His bounty. And

want of men is greater than ever. Yet there are people employed in drawing off our men to Brazil, to the Argentine Republic, and even to Paraguay—no doubt, fine countries, and offering grand careers to educated persons with a little money, good constitutions, good introductions, and personal ability, but not very safe ground to drop an English labourer upon. Once in our Australian Colonies, an English labourer is as much at home as he is in the parish he and his ancestors were born in. If he can get on here—if he can pay his way—if he can bring up his children well, and if he is perfectly content with his position, by all means let him stay at home, for good men are not too many anywhere. But if a labourer—say, the father of a young increasing family, or a young man who has set his mind on matrimony—cannot get the wages he thinks he is fairly entitled to; if he cannot pay his debts, if he cannot pay his rent, his shop bill, his coal bill, his children's schooling, or other lawful demands, out of his weekly pittance, then his course, in our humble opinion, is plain. Let him do as many of his betters are doing—get a passage for one of our colonies. He will there have everything he asks for here, and a good deal besides. In Victoria, for example, he is now to have his children's schooling for nothing, unless he wishes them to be made fine ladies and gentlemen, in which case he will have to pay a few extras. But this is the plain and simple course, the way that PROVIDENCE has opened to us, and the way that all our ancestors came into this country. It is the way that England was made, and that the United States were made. If the Labour question is to be considered in regard to the well-being of the complainants themselves, or of their neighbours, or of all at home, or of the colonies, or of the British race altogether, there is only one answer. If a man wants work, let him go where it can be got. If he wants a master, let him go where masters are to be found. If he wants land, let him go where millions of acres are waiting to be stocked or cultivated. If he wants peace and quiet, let him go where he will not have to fight for an extra shilling. If he wants to be master himself, or landlord and tenant in one, let him go where a good estate can be easily purchased out of the savings of two or three years' service. In a word, let him go where he is wanted. There is no better law than that; no better maxim of prudence; no better advice to be given, by those who really care for a man and wish him well."

in lieu of the narrow, selfish, niggardly, and, as I view it, when actuated by such motives, *criminal* prudence inculcated by these authors, I would urge the direction of man's foresight to the augmentation of his resources, to the improvement of his skill, the increase of his capital, the enlargement of the field of his territorial occupation ; means of which some, if not all, are at all times within his power, not only for removing to an indefinite distance any pressure of population on subsistence, but of adding continually to the materials of happiness at the disposal of every individual of his race, however rapidly their numbers may be increasing.

If, indeed, there is any one desire or design more manifest than another throughout the works of nature, or more worthy of the benevolence of the great Author, it is that there should be the utmost possible multiplication of beings endowed with life and capacity for enjoyment. We do not see that nature has contented herself with establishing little groups of organized beings in snug corners, to thrive there in security and content, through a nice adjustment of their numbers to the food within their reach ;—whether proceeding from a mysterious adaptation of their procreative powers to their numerical state, as in Mr. Sadler's gratuitous hypothesis,—or, from a self-regulating power, dictated by prudential intelligence, according to Mr. Malthus's equally unnecessary suggestion. No! abundance, extension, multiplication, competition for room, is the order of creation ; and the only limit to the increase of each species, the mutual pressure of all upon each other. But, if there is any one species of the animate world whose multiplication we may venture to suppose an especial object of the Divine regard, can it be other than that which alone of all He has endowed with a particle of His spirit—with intellect, reason, speech,

the faculty of *improvement*, and *an immortal* soul? Whilst every other species is taught to spread and multiply as widely as its relative powers allow, is MAN alone, though conscious of his sovereignty over all the rest of living creation, to confine himself carefully within a limited area,—alone to apply his energies to *prevent* the increase of his numbers, the enlargement of his resources, and the extension of his dominion over the habitable globe.

This monstrous doctrine I consider to be as pernicious in its moral as in its economical tendencies. By holding out to all, that improvements of any kind are useless, and even mischievous, for that "every enlargement of our resources only tends to land us in a larger, it is true, but a more straitened population," * it directly discourages all attempts at the amelioration of our condition whether public or private; and fosters in all classes a selfish and apathetic indolence, a mean distrust of our own powers, instead of that confident determination to employ them to the utmost, which, under fair play, is almost certain to overcome every obstacle. It gravely tells us to cease our efforts for enlarging our resources, and direct them wholly to limiting our wants!

Again: by this doctrine the wealthy and the powerful are completely absolved from the duty of contributing to relieve the distresses of their poorer neighbours, either by direct charity, or a just and wise attention to the economical means for improving their condition; since all such attempts are declared to be not only fruitless but mischievous. It directly frees a government from all responsibility for the sufferings of the mass of the community by throwing the blame entirely on nature and the improvidence of the poor themselves,

* Chalmers' Political Economy.

and declaring the evil to admit of no remedy from any possible exertions of the legislature. I cannot imagine any theory more destructive than this would be, were it generally received, whether among the higher and more powerful, or the lower classes themselves; and I must consider those who labour to propagate it, including, I am well aware, many of the most benevolent philanthropists of the age, to be, unconsciously, the worst enemies of their race. That the ground of their argument is utterly untenable, I think I have said enough to demonstrate. They build their theory on the assertion, that population tends to increase faster than food *can* be provided for its support. I affirm the direct contrary, viz. that it is in the power of man, by a judicious direction of his resources, to increase his supplies of food so as to meet every *probable* increase of his numbers:—at least until the world is fully peopled,—a term from which we are apparently farther off now than we were at any former time since the creation. They declare, that of the three only elementary sources of wealth, land, capital, and labour, the last tends to increase so rapidly as to occasion, by the effect of competition, a distressing pressure upon the labouring class; and that the only remedy for this distress is a self-imposed check on its supply. I assert that a redundancy of labour can only be brought about by mismanagement, so long as there is no deficiency of the two other elements, *capital* and *land*;—that the deficiency of land at present is merely *local*, confined, indeed, to the British islands, and perhaps the Netherlands, and one or two states of Germany;—that there is no *general* deficiency of land, or of space, through the world, for the full development of the powers of labour, aided by all the appliances which modern skill, industry, and ingenuity bring to their assistance in the production of

the means of self-support, nor any appearance of the possibility of such deficiency;—that there can be no deficiency of capital under just institutions while land and labour are not wanting, and the saving principle continues inherent in man's nature;—that, consequently, no limit can be assigned or anticipated to our productive powers, judiciously exerted on that vast and prolific field which a beneficent Creator has spread out before us and called on us to cultivate.

——— "Spatium Natura beatis
Omnibus esse dedit, si quis cognoverit uti."

CHAPTER XII.

CAUSES AND CURE OF POVERTY.

Mismanagement of Resources—Faulty Institutions—Economical structure and habits of Nations—Errors in all—Precarious position of the bulk of the British people—History of the Labouring Class of Britain—Liberty and Pauperism coeval—Origin, principle, means and results of the Poor-Law—Prejudice against it—Use confounded with abuse—Its mal-administration—Allowance System—Reform of the Poor-Law—Necessity of Poor-Law for Ireland—Guilds, Friendly Societies and Trades' Unions, Savings' Banks, Co-operation, Migration, and Emigration—Summary of means for extinguishing Pauperism.

MISMANAGEMENT, then—gross and palpable mismanagement of the resources at the disposal of man, in his collective or individual capacity—is, I maintain, the sole cause of the existence of want and poverty upon earth, and of the dread array of physical and mental sufferings which poverty and want engender. Calamity resulting from casualties and disordered health is unavoidable;—instances there will always remain, we fear, of individual misery occasioned by individual misconduct, (though a system of general education in sound

principles and virtuous habits will go far to put an end to this source of evil;) misgovernment and the insane passion for war between nations may desolate their homes, and rob them of life and property;—but, unless through ill-health, accident, misconduct, or the last-named self-inflicted evils, misery *ought* not to be found upon earth! Happiness—all the happiness, at least, which is directly or indirectly derivable from an abundance of the necessaries and conveniences of life—ought to be within the easy reach of every family and individual, even of the lowest class, in every human society.

So great are the persevering industry and inventive genius,—so strong the passion for accumulation,—so endless and insatiable the desires of man, that when the development of these qualities is not impeded by the rapacity of power or the trammels of officious legislation, his means for the production of enjoyment (both skill and capital) tend, as we have shown, to increase in a far more rapid ratio than his numbers. So that, under institutions securing a judicious management of a nation's resources, and an equitable distribution of their produce, (abstracting the interference of external and extraordinary causes of reaction, such as wars, pestilence, or famine,) the share of each individual in the community is sure to be continually increasing.

Why such has not been the case hitherto in most civilized communities—why the progress of knowledge, the increase of the powers of man over nature, and the augmentation of his means for gratifying his desires, have not proportionately added to the general happiness; —why the mass of mankind, the greater number of almost every people under the sun, are yet insufficiently supplied even with the means of satisfying their coarsest wants;—why poverty is yet so general as to seem the

law of human existence rather than the exception;—why misery and its offspring, vice and crime, yet wield their iron sceptre over a large proportion of the human race;—why industry still fails to secure its reward;—why prudence is yet no guarantee from distress;—why, as wealth increases, pauperism does not diminish;—why the more men produce the less they usually have to consume;—why the blessings of heaven are turned into curses;—why plenty seems to generate want, and abundance is complained of as the cause of privation;—why these strange anomalies exist, (as it cannot be denied that they do exist);—what, in short, is the nature of the mismanagement that occasions the economical evils under which man so cruelly suffers, and what are the means by which they are to be cured—is the question we now address ourselves to solve.

Laws for protecting the production, enjoyment, and accumulation of property, and for regulating in some degree its distribution, are essential, as was shown in an earlier chapter, to the working of every system of social welfare. But as society complicates and subdivides itself, these laws, even though they were originally adapted with the utmost wisdom to its early condition, must, in order to answer their end, be made continually to yield and accommodate themselves to the altered form and disposition of its parts. In point of fact, however, the institutions of no nation ever possessed the perfection we have supposed. Far from having been framed at the first in a compact and well-ordered system with the view of securing the greatest attainable benefit to the community for which they were made, they have generally consisted of a bundle of shreds and patches, the work of accident, prejudice, ignorance, force, or cunning, to the full as much as of wise and well-meaning deliberation for the common welfare. The

history of every nation exhibits a constant series of struggles on the part of the people to ameliorate their institutions, and accommodate them to their wants—a struggle which has but too rarely succeeded, being one of the simple against the crafty, the weak against the powerful, the industrious against the idle—a struggle of the indisciplined many whose interests are those of the community at large, with the organized few who have acquired an interest in institutional abuses—a struggle of those who justly desire to enjoy the fruits of their labour, with those who desire unjustly to enjoy the fruits of the labour of others!

Hence it happens that few societies have ever yet taken that form which, by doing justice to all classes, would allow each to claim and receive its due share of the general property and produce, according to the principles of equity, and the mode in which the efforts of unrestricted, unburdened industry would spontaneously distribute them. The varied circumstances that have affected different nations in the past periods of their history have impressed on each a form of social arrangements more or less peculiarly its own. When one nation has invaded another, the conqueror has generally carried with him a predilection for the institutions of his native state, and by his endeavours to impose them on his new acquisitions, has created a compound of the two. The maritime or inland position of a country, the character of its climate, and the nature of its principal productions, have had a considerable influence on the institutions of its inhabitants, by determining their pursuits, and modifying their national character. The physical and mental disposition which a people inherit from their remote ancestry, and which has been by some considered to characterize separate races—must in like manner have always exercised a

very considerable influence over their social arrangements. The economical and political condition of every nation is, in short, the compound result of accidental extraneous circumstances and internal character. Where the latter is deficient in energy and the spirit of improvement, a people may retain for centuries the same unvaried habits, laws, and economical condition. When, on the contrary, these qualities are strongly developed, a process of internal fermentation will be continually going on, through the efforts of the people to avail themselves of every opportunity for the amelioration of their circumstances;—changes will occur in the form and character of their institutions, more or less sudden and violent, or gradual and gentle, according to the greater or less degree of resistance, which accident, or the stubbornness of the depositaries of power, may oppose to the natural tendency of the society to improvement. The nations of the East, and especially of the farthest East—China and Japan—offer an example of the first kind; the western states of Europe of the last. The former, though undeniably possessed at an exceedingly early period of a very considerable knowledge of the arts and sciences, have stagnated for many centuries in the same torpid and unimproved condition;—the increase even of their numbers being checked by the unelastic nature of their institutions, which forbid any enlargement of their resources at all proportionate to that of their wants. The latter, though dating their origin from a comparatively recent period, and having still more recently acquired that knowledge of the arts and sciences which the Orientals seem to have possessed from the remotest ages, have yet made a constant, and of late, in some instances, a rapidly accelerated progress in the improvement of their economical capacities—which, if not immediately, must, before long, be fol-

lowed by a parallel improvement in the economical condition of their component members.

Meantime, even in the most advanced European states, there is so much of evil yet remaining in the texture of society,—and the institutions by which that texture is fashioned still exhibit so wide a departure from the principles of natural right which we have shown to be necessary for securing the greatest production and most equitable distribution of the purchaseable means of enjoyment,—that there is nothing to excite wonder in the continued existence of want and poverty in the midst of the elements of wealth and abundance: the wonder is that the evils, being so great and so capable of cure, are so easily submitted to by intelligent communities.

Each country has some peculiar disadvantages in the structure of its society, by which the improvement of its economy is more or less impeded. We have no intention of entering into an examination of these defects or their remedies as respects foreign nations; though what was mentioned in a former chapter on the influence of the serf and métayer systems on the condition of the people of those European countries where they prevail, will suggest some of the most obvious and fatal impediments to the progress of improvement in that part of the world; and whilst we confine our examination to the economical structure of this community alone, we shall have to comment on many errors which are common to the institutions of other civilized nations. We must also leave out from our present considerations the interruption to social and economical progress caused by the frequent internecine quarrels between nations, and the waste of national resources they habitually occasion.

At present the great majority of the people of the

British islands consists of *labourers for hire*—persons, that is to say, who depend for their daily maintenance on the wages of their daily labour; possessing very little property, other than a trifling degree of acquired skill, and their manual strength. The land from which raw produce may be obtained by labour, the tools and machinery which are indispensable to labour, and the stock of food on which the labourers must be subsisted while at work, are all appropriated by other classes. The circumstances under which this distinct appropriation took place will have been gathered in part by the reader from the historical sketch we lately gave of the occupation of land and the generation of capital in this and other countries. It has been the result partly of the natural laws of distribution, which tend, as we have seen, to divide society into classes pursuing different occupations, and enjoying a great inequality of condition —partly of circumstances connected with our political history and institutions, influenced as both have been by the peculiar national character. The effect—whether good or bad on the whole, we will not determine—has been *to place the great body of the people in an exceedingly precarious position.* The owners of land, and the owners of capital of every kind, are removed from all danger, or dread, of immediate want; since, in case of the failure of a profitable demand for what they bring into the market, they are sure at least of being able to exchange it for *the means of subsistence.* The labouring class, on the contrary, on any failure of the ordinary demand for the labour which is their only property, have no resources to fall back upon, and no other means of obtaining even a temporary subsistence. It is impossible to deny that this circumstance places them in a position of peculiar hardship, leaving them almost entirely at the mercy of the other classes, who have the

power at such times to withhold from them the necessaries of life, or dole them out on almost any terms they choose to make. It becomes, therefore, in such a country, the imperative duty of the government established for the advantage and equal protection of all, to keep an especial watch over the condition of this class, and lend its aid to prevent their suffering, either from want or oppression, through the peculiarly disadvantageous circumstances in which they are placed.

The legislation of this country, with regard to the labouring class, has been of a mixed and chequered character. One great benefit has undoubtedly been conferred on this class in the POOR LAW—the poor man's charter, as it has been most justly called. It is equally certain that a series of successive enactments have at various times counteracted this benefit to a great extent; while the negligence of government in not taking measures until lately for securing the due administration of this law has combined to oppress and injure the labouring class.

Without meaning to deny that the statesmen and legislators of Britain have at times been influenced by a benevolent and just regard for the welfare of the great bulk of the people whose destinies they commanded, yet it is impossible to trace historically the various statutes that relate to this subject, without being convinced that while those which inflicted evil on the labouring class were dictated by an unscrupulous and avowed regard for the interests of the high and the wealthy, those which have conferred benefits on the lower orders originated, for the most part, in scarcely less interested motives, and were extorted from the fears, rather than conceded by the justice and benevolence, of the powerful.

The gradual transition of the labouring class from a

state of servitude to one of free labour for money-wages was brought about, as in an earlier chapter we remarked, by the force of circumstances, and in spite of the lords and masters of those days, not with their good will. The almost continual state of warfare, and the incessant struggles of the kings with their nobles, made it a matter of necessity for both contending parties to liberate large numbers of villeins for the purpose of recruiting their armies, and to conciliate their retainers of every class by the concession of new privileges and immunities. But even whilst this process was going on, efforts were made at frequent intervals to counteract its beneficial tendency, by imposing severe restrictions on the freedom of the labourer. Numerous statutes were passed, fixing the rate of wages, and prohibiting the removal of labourers from one place to another—directing how they should be fed, clothed and lodged—in short, endeavouring, by a variety of legislative contrivances, to maintain the conditions, while it was found necessary to abolish the name, of compulsory servitude.

These measures, however, met with constant resistance from the sturdy natives. The insurrection of Wat Tyler proved to the haughty barons and their sovereign that the people of England, once free, were not to be re-enslaved; that they were bent upon obtaining a recognition of their right to liberty, and a mitigation of the oppressions under which they laboured. Within the next century great advantages had been gained by the labouring class. The race of villeins was nearly extinct, and money-wages had almost quadrupled, in spite of the statutes repeatedly enacted for the purpose of keeping them down.

There was, however, this disadvantage incidental to the change, that whilst, under the system of feudal servitude, the lord was bound to maintain and protect

his dependents under sickness and infirmity,—so, as this system declined, and men ceased to be the property of their employers, they were in impotence or old age left destitute of certain support from any quarter, and forced to throw themselves on the voluntary almsgiving of the charitable. The free labourer now entirely depended for his maintenance on the demand for his labour. And at times when this was slackened by casual circumstances, he was liable to suffer from the difficulty of finding work.

It was thus that liberty and pauperism grew up together; and as a variety of political events tended to increase the number of beggars and able-bodied freemen, roving in search of work, it was before long found absolutely necessary to check the evils accruing from this state of things by statutory measures for restraining mendicancy, providing relief to the really destitute poor, punishing the idle, and setting to work those who were willing to earn their bread by their honest industry.

In the year 1376 complaint was made by the Commons of the multitude of beggars and sturdy vagrants that infested the cities and boroughs, and in several succeeding years statutes were passed to fix the limits within which the poor were to be allowed to beg, to enforce the removal of beggars to the place of their birth, and partly to compel the maintenance of the impotent and the employment of the able-bodied within certain districts. In these statutes are contained the germs of our present poor-law. But their operation was ineffectual. Beggary and vagrancy continued a growing evil for more than another century, during which the legislature was frequently engaged in fresh attempts to restrain them by inflicting punishment on the idle vagabond, and affording relief to the

well disposed poor, partly by voluntary, partly by compulsory contributions.

None of these experiments, however, succeeded, until at length, in the famous 43rd of Elizabeth, the preceding statutes were consolidated and methodized into a plain, simple, and effective provision for securing the maintenance of the infirm poor, and the employment of the able-bodied, within the limits of their respective parishes, by a tax upon the property of each parish. By means of this statute it became possible effectually to prevent both mendicancy and vagrancy, through the provision of a sure resource for the destitute of both classes. And the grievous nuisance which had so long afflicted the country, and, by rendering property insecure, had materially checked the development of industry and the accumulation of capital, was completely abated. A love of peace and a respect for the law,—of which they so directly, in this instance, felt the benefit—supplanted among the lower classes the spirit of ruffianism and outrage. Order and tranquility reigned throughout the land, instead of turbulance and crime; and the consequent security of property encouraged the accumulation and productive engagement of capital. England henceforward began to develop her great natural resources; and the vast wealth, unrivalled power, and solid greatness of the nation have arisen from the concession of security for life and legal protection against starvation to the class which forms the base of the pyramid of society.

The benefits conferred by this immortal statute have been impugned;—but, in my opinion, only by persons who take a very narrow, false, and unphilosophical view of the principle it consecrates, of the means it employs, and of the effect it has, by the evidence of all history, produced.

The principle of the poor-law is the maintenance of the peace and order of society by the suppression of mendicancy, vagrancy, and petty plunder, which no other course can by possibility prevent. It is not to be looked upon as a measure of charity, so much as one of *police*. Undoubtedly, charity, even heathen humanity —but *Christian charity most especially*,—must render it imperative on the wealthy to provide for the necessities of the poor; and the only mode of duly apportioning the distribution of charity to the wants of the necessitous, and its burden to the respective means of the wealthy for contributing to it, is a legal and methodical system of levy and relief. Justice, again, no less than charity, calls for the enactment of such a law in every country where society is in a complicated and artificial state;—where the law, by appropriating every inch of the national soil (the common gift of Heaven to such as are born into existence upon it), has prohibited the poor man from supporting himself by the sweat of his brow off the land of his birth. The state has no claim to the allegiance of those citizens upon whom it confers no advantages. An individual to whom the law extends no protection in the extremity of distress is absolved from all duty of obedience to the law. It is the very first duty of a government to secure the means of existence, under these circumstances, to every well disposed and well conducted member of the community over whose welfare it presides.

But putting humanity and justice out of sight, mere worldly policy renders a poor-law one of the wisest and most necessary of institutions. There *can* be no real or permanent security for property where the body of the people have no security for life. There can be no tranquility in a state while large numbers are exposed unrelieved to the agonies of want. There can

be no respect for the laws among those who feel no benefit from the laws. There can be no extensive accumulation or profitable investment of capital—there can be no large development of industry, wealth, or civilization, in a country where the poor have no direct stake in the maintenance of order,—where they are constantly in a precarious, often in a destitute, and, therefore, desperate condition. The principle of the poor-law, then, is not mere charity, not justice only—but plain practical policy likewise—the policy of preventing crimes against property, and the terror, annoyance, and injury to the peace and order of the community which mendicancy and vagrancy necessarily occasion wherever there is no public provision for the poor.

The means brought into action by the poor-law for the purpose of effecting its object, have been as much mistaken and misdescribed as its principle. These means are not, as is often stated, the support of the idle, improvident, and vicious, at the expense of the industrious, frugal, and virtuous: (this, on the contrary, is a true description of the system of mendicancy which the poor-law is intended to supersede). They are, simply:—1, The methodical relief of the sick, maimed and impotent, whom casualty, and the want of relatives capable of maintaining them (for where there are such relatives, the law throws on *them* the burden of relief, have reduced to a state of destitution; 2, The employment and maintenance in productive industry of those able-bodied poor persons, who, being unable to find work for themselves, through extraordinary circumstances, would otherwise be driven by want to prey upon society.

Still greater, if possible, is the prevailing misapprehension and misrepresentation of the results produced by the English poor-law. Those results may be tested

by a comparison of the condition of this country, where a poor-law has been in complete operation for upwards of two centuries—as respects wealth, tranquillity, the orderly disposition, moral habits, physical comforts, and general happiness of its labouring class, —with that of other countries in which no such system has been in operation.

Those who declaim against a poor-law as necessarily demoralizing the lower classes, destroying all their industry, energy, enterprise, providence, and independence, and annihilating their kindly sympathies, are bound to explain how it has happened that, after living for two entire centuries under the influence of this demoralizing law, the English people still show themselves, *to say the least, as* moral, as industrious, as energetic and enterprising, as provident, as independant in spirit, and as kind and compassionate in feeling, as any people on the face of the globe. Those who inveigh against a poor-law as unfavourable to the growth of capital should inform us how it is that, during the same period, under its obnoxious poor-law, England has accumulated the extraordinary mass of capital which covers her surface with the multiplied means of production and enjoyment, and which so peculiarly distinguishes her from every other country of the earth.

If it were possible to be astonished at the successful promulgation of any doctrine, however repugnant to common sense, to humanity, to observation, and to reasoning, we should acknowledge unfeigned astonishment at the opposition which has for years past been urged, and is still (1833) as zealously maintained as ever, against the principle of the English poor-law. The arguments by which it is supported prove that it has its origin in two main fallacies, which, gross as

they are, and easily detected, yet, partly from their superficial and plausible character, and partly, I fear, from the countenance they hold out to the selfish feelings of our nature, have acquired such an influence over many minds as utterly to incapacitate them from taking any clear or comprehensive view of the question.

The first of these fallacies is that imaginary chimera which passes under the name of its principal patron Mr. Malthus,—the doctrine, namely, that there is no room in the world for any additional number of human beings; that poverty and want are owing to no other cause than the increase of population beyond the *possible* means of obtaining subsistence; and that the only mode, therefore, by which these evils can be effectually relieved, is by a reduction of the numbers of the people, or, at least, by putting a severe check upon the rate of their increase. It follows, of course, from these premises, that not only all legal and compulsory relief, but all voluntary and private charity to the poor is useless—nay, rather, injurious—since the evil proceeding solely from a limitation of the means of subsistence, what is given to one beggar, must be taken from some other, or from some more deserving industrious character, elsewhere, and the mass of misery rather increased than diminished. This, in fact, is a conclusion at which Mr. Malthus himself has necessarily and directly arrived, though some of his followers, with obvious inconsistency, while they deprecate a public provision for the poor on the ground of the insufficiency of the means of subsistence, encourage their support by private charity, which must evidently draw its resources from the same inadequate fund.*

* The benevolent Dr. Chalmers has, more perhaps than any other disciple of Mr. Malthus, fallen into this palpable inconsis-

We have sufficiently exposed, in the last chapter, the utter baselessness of this fallacy; we have shown that nothing but the mismanagement of the resources of a people by themselves or the governing body, can prevent their means of procuring subsistence from increasing in a faster ratio than their numbers.

The second fallacy on which the opponents of a poor-law ground their argument is the confounding of the use with the abuse of the system. Superficial observers, who contemplate the operation of the poor-laws as at present (1833) administered through the greater part of England, are naturally struck by the glaring evils which they engender; and, looking no further into the matter, are strongly impressed with a prejudice against such a law, as encouraging improvidence, and destroying all desire of independence among the poor. Those, however, who are not content to take up hasty impressions from first appearances, and who examine the history of the English poor-law, and the origin and real nature of its injurious practices, soon discover that these have been engrafted upon it but a few years since; that, instead of being a necessary accompaniment of the law, *they are a direct breach both of its spirit and letter;* that for *two entire centuries*, the law worked admirably, unproductive of any of the evils now so universally and so justly complained of; and that it would have continued to work on equally well, had it not been shamefully perverted by those who are entrusted with its local administration, free from the control of any higher authority, into an instrument for lowering wages, and depressing the condition of the labouring class—

tency. His whole system rests upon the assertion that the means of subsistence are necessarily within the demand for them; and yet he dwells with fond and eloquent enthusiasm on the virtue and benefits of *private charity*, which obviously under such circumstances can only take from the necessities of one, to relieve those of another.

for raising rents and benefiting landlords and employers, at the expense of the labouring class itself.

Instituted at the beginning of the seventeenth century, by the wisdom of the greatest statesmen this country ever produced, the English poor-law undeniably fulfilled, up to the close of the eighteenth century, the great objects it was intended to secure, and without any counter-balancing evils. The evils now so generally and justly complained against were unheard of until within the last few years. Their appearance has been coincident in time with a fundamental change in the administration of the law,—the introduction of a practice contrary to the letter and spirit of the law,—the practice (called the allowance system) of taking upon the poor-book labourers working for private employers, and giving them relief proportioned to their families. This practice is, indeed, aptly fitted to produce all the evils which are wrongly attributed to the law itself. It tends directly to discourage industry and put a penalty on providence, to increase pauperism, to augment the rates, and to give a premium to the multiplication of an already redundant local population. Under these circumstances, ignorance or prejudice alone can persist in referring to the original poor-law, evils which history and observation clearly prove to have been occasioned only by its recent and most unwarranted abuse.

This abuse it would be easy for the legislature to correct, and thereby to put an end to the great and general mischief which flows from it. Individual magistrates and vestrymen have been hitherto left without check or control in the exercise of their authority, to interpret the poor-law at their discretion, and to expend the vast sum which they levy in its name from the industry of the country, in almost any manner

and upon any objects they please. Had such unlimited power not been abused, it would have been, indeed, surprising.

The magistracy, in the rural districts especially, is composed almost wholly of landed proprietors, who have a direct interest in keeping down the wages of agricultural labour; since in proportion as wages are low, *cæteris paribus*, will rents be high. The same motives, therefore, which induced the landowners of old to frame statutes regulating wages and otherwise interfering with the free disposal of labour, has in a later period dictated the allowance system, and other contrivances of the present administrators of the poor-laws for keeping the labouring class in a condition approximating to compulsory servitude. Under a system of free labour, every average labourer, whether single or married, receives the full current rate of wages; which can never fall much below a sufficiency for the support of a considerable family, or the supply of labour could not be kept up. But by metamorphosing the whole labouring population into paupers, as is now done in many parishes, by the refusal of work to all that are not on the parish books, each individual labourer is paid according to his strict necessities only. The man with a large family alone receives the necessary maintenance for such a family; the married man without children receives just enough for the maintenance of two persons; and the single man is paid for his labour, only a bare sufficiency for his own subsistence. By this contrivance of paying wages out of poor-rate, (commonly called the allowance system,) it is obvious that the whole labouring population is kept up to its full numbers, and maintained *at the lowest possible expense to those who employ and profit by its industry*. And as rent consists of the surplus beyond

the expenses of cultivation, the gain resulting from this injurious practice falls to the share of the landowners, who are themselves for the most part the parties who originated and still enforce the abuse.

It was a resolution passed by the landowners of some of the southern counties assembled at quarter-sessions, towards the beginning of the present century, which first introduced and sanctioned this abominable practice; the direct and avowed object of these gentlemen being to relieve their tenants from the necessity of raising the wages of their labourers in proportion to the great rise that had at that time taken place in the prices of agricultural produce. It is evident that whatever was by this contrivance cut off from the aggregate remuneration of agricultural labour went to swell the rents of the proprietors. What the labouring class lost, the landed interest pocketed. This conduct of the magistracy is the more indefensible, because the practice they thus introduced, and indeed enforced, is wholly unauthorized by the letter, and directly opposed to the spirit, of the law they are sworn to execute. The statute of Elizabeth requires parishes to "set to work such as exercise no ordinary or daily trade whereby they can maintain themselves;" but nothing in it can be construed to countenance or permit the application of parish funds to the support of those persons who are labouring daily for the benefit of private employers, and ought to be supported unquestionably by those employers alone. By this execrable system, not only is the aggregate expense of maintaining the labouring population materially lowered, to the grievous injury of that class, but a large portion of this expense is, moreover, fraudulently thrown upon the owners of property contributing to the poor-rate, who do not employ, and therefore do not benefit by the labour they have to

pay for. The clergymen, householders, and tradesmen of many parishes are equal sufferers by this abuse with the labouring population itself.

The evils resulting from the mal-administration of the poor-law might without much difficulty be corrected by the organization of a due system of supervision from some central authority, a branch of the general government, and authorized to enforce a complete uniformity of practice. This, together with a legislative prohibition, under penalties, of the "allowance system," would soon restore the poor-fund to its proper uses, put an end to its misappropriation, check the wasteful and corrupt extravagance of those who now administer it, and place the labouring class once more in a condition to profit by the exercise of their spontaneous industry and foresight. The obstacles to a complete and speedy purification of the English poor law exist only in the interested opposition of those who have contrived, and continue to cling to the existing abuses, and the prejudiced opposition of such theorists as blindly confound the abuse of the law with its principle, and, under the influence of that extraordinary delusion which Mr. Malthus has propagated, would sweep away the entire system of poor-law as an evil not to be tolerated in any form.

[I have retained the above description of the abuses connected with the administration of the poor-law, which prevailed at the date of the publication of the first edition of this work, although, as is well known, they were shortly after put an end to. A Governmental inquiry by a special commission, having been instituted, resulted in a statute, sometimes called the New Poor-law, which enacted most of the remedial measures recommended above; prohibited the allowance system; combined parishes into unions, took the administration of relief to the poor of each union out of the hands of the

magistrates who had so much abused their power, and placed it in those of boards of guardians elected by the rate-payers of the several parishes, and responsible for their conduct to a central board, sitting in London, and provided for the erection in every union of a workhouse, chiefly for the relief and employment therein of the able-bodied poor, who could find no work elsewhere. These principles have, on the whole, worked satisfactorily since their establishment on the statute book. The aggregate cost of relief to the poor of England and Wales was reduced largely, and is still far lower in proportion to the population, than it was in 1833–4.

During the passing of the Amended Poor-law Act through Parliament, the writer took an earnest part in the discussions, chiefly with the object of maintaining the principle of the law of Elizabeth—the absolute right of the destitute to relief,—and also the ministration of outdoor relief to the sick and aged poor; both of which points were contested by influential members and advisers of the Government. Happily the public press, and especially the *Times* newspaper, took the same line, and the act was passed without effecting any material change in these the cardinal principles of the original law. Even in the present day, however, notwithstanding the comparatively light pressure of the poor-rate, much outcry is occasionally raised against the scale on which outdoor relief is given, and this cry has been lately sanctioned by the highest authority in the central board. The true remedy for whatever is wrong in this matter lies, I believe, in the direction taken of late by the Association for Organising the Charities of the Metropolis in connection with the poor-law authorities. Were this Association to extend the area of its operations to the entire kingdom, and embrace within its objects arrangements for equalizing

the supply and demand of the lower kinds of labour throughout that area,—a vast amount of the existing pauperism might be replaced by honest and independent industry and habitual vagrancy almost wholly eradicated.

Much of the mischief occasioned by the unamended Poor-law no doubt arose from the fact that the very limited area of parishes was taken as that within which the resident poor were to be relieved at the expense of the better circumstanced inhabitants. The poor to be relieved were those who by birth or residence or labour had acquired what was called in the Acts regulating the subject a settlement within the parish. Though this arrangement might have been comparatively innocuous in the early days of the institution, yet, as time altered largely the comparative wealth and industrial resources of different places, its tendency to tie down the poor to decaying parishes where their labour was no longer needed, and to discourage their migration to others where employment was plentiful and well remunerated, had a most mischievous effect. Even at present, though the law of settlement is almost wholly abrogated, and the area of relief extended to unions, usually from ten to twenty times the extent of an average parish, yet the habit of looking to the parish in which he was born as his legal home, from which it is scarcely safe for him to wander far, remains, it is to be feared, ingrained in the disposition of the English peasant, and is one of the causes of his actual unimproved condition, while the artisan and town populations have generally been making considerable progress in self-support and independence.

It has been proposed to equalize the pressure of the Poor rate by substituting for it a general national tax. But this is open to many objections. It would alter, to a very great extent, the value of all estates in the king-

dom which have been bought and sold on terms calculated upon the existing parochial burdens. A still more fatal objection occurs in the enormous abuses that would unquestionably arise in the discretionary distribution of a sum of seven or eight millions of *public* money by any authorities that could be appointed for the purpose. If the present mode of distribution is abused, when the distributors are for the most part the very persons who contribute most largely to the fund, and feel sensibly every increase of its amount, what might we not expect from a system which would allow every guardian to dip his hand into the public purse? Under such a system, it is little doubtful that the expenditure would materially increase, and the evils of pauperism be aggravated.

But no improvement in the administration of the English Poor-Law could have been effectual towards either diminishing the burden of the rate, or ameliorating the condition of the poor, until the same system of compulsory relief was extended to *Ireland;* and the fundamental institutions of the two British Islands in this respect assimilated.

I will not here reproduce the arguments employed in the early edition of this work to show how grievously the British ratepayer and the British labourer suffered from the immigration of crowds of Irish poor, driven by impending starvation from their own country to seek work at any wages, or relief of any kind, in the wealthier and more liberal island; by which our own labourers were forced out of work, and upon the rates; nor those I urged in the interest of the Irish poor themselves, and of the peace, order, and security of property in Ireland. The plea was before long taken up by the press of both countries; and, moved by the growing feeling of the public, the Government, in 1834, appointed a Commission

of Inquiry into the condition of the Irish poor. After two years spent in the collection of evidence, the Commission, in 1836, presented their report, in which a horrible picture was drawn of the social state of Ireland. They declared that they found there an amount of misery and destitution so disgraceful to the character of our institutions, so fearful in its ordinary state, so certain to be productive of awful calamity whenever an unfavourable season should blast the miserable root on which a vast population wholly depended for subsistence—as to call for the undivided and immediate attention of the State to the framing and adoption of measures of sufficient magnitude and vigour to cope with such a colossal mischief. The measures they recommended were, first, the enactment of a Poor-law similar to that of England, giving virtually a right to the destitute of every class to relief of some kind; outdoor relief in food and medicine to the impotent poor, and for the able-bodied the establishment of depots in which they should be fed and employed on public works until permanently provided for by emigration and location in a colony; thus, in the words of the Report, "securing to all the means of living by their labour, either at home or abroad."

But these recommendations, though the result of the protracted inquiry and consideration of the most eminent men whom the Government could select as their advisers, were too drastic for the weak nerves of the ministry of that day; several of whom were notoriously under the spell of the Whatelys, Seniors, Chalmerses, Spring Rices, and other Malthusian Economists. So Mr. Nicholls, an English Sub-Commissioner, was sent over to Ireland to make out a case for some more stinted kind of Poor-law than that recommended by the Commission. Mr. Nicholls fulfilled the object of his mission, and reported in favour of an exclusive system of relief

in workhouses, and, accordingly, an act was passed in 1837, ordering the erection of 130 workhouses and the establishment of a Central Board to preside over that number of unions. Ten years passed before these scanty means of inadequate relief were ready; and before that time, the calamity that had been anticipated by the Commissioners of 1834–6, *Famine* occasioned by failure of the Potato-crop, stalked over the land, and in one year reduced a population of eight millions to little more than five! Had a more vigorous measure been adopted and carried out in 1836, in consonance with the report of the first Commission, this awful infliction would not have found, as it did, Ireland wholly unprepared to meet it—with no organization for the relief of the starving or the levy of funds for the purpose—houses, indeed, calculated to hold a few thousand inmates, while millions were famishing outside. I will not dwell on the fearful scenes which I myself witnessed during a part of that terrible time. I will only express my confidence that had a real Poor-law, like that of England, been established in Ireland in 1837, there would not have been seen that panic at head-quarters, that wild adoption of one inadequate plan of relief after another; that wholesale waste of funds, and disgraceful jobbing away of English money (much of which found its way into the pockets of Irish landlords, instead of saving the lives of the poor) which characterised the awful crisis of 1848.

In the following year the imperfections of the Irish Poor-law of 1837 were to a great extent remedied. Out-door relief was permitted. Above all relief in some shape to the destitute was made compulsory. The deficiences that now make themselves felt belong to the administration rather than the letter of the law. In Ireland indoor relief is, in practice, the rule,

out-door relief the exception. In England, thanks to the humane and wise spirit of the local administration, the reverse is the case, and the widow and orphan, the aged and infirm, the wife and infant family of a sick labourer may obtain some small assistance from the rate, without being forced to break up their home and become inmates, perhaps for the rest of their lives, of a prison-like barrack.

I was anxious to supplement the Irish Poor-law by a measure for employing some of the surplus labour of that country on the reclamation of its waste lands. And the Government of Lord J. Russell gave in to my proposal so far as to prepare, in 1847, a Bill for the purpose. Sir Robert Peel frightened them out of the scheme by an ill-natured remonstrance against "burying English gold in Irish bogs;" though he lived to suggest something very similar himself in the next year. Had the two measures been combined, as I anxiously desired, I yet believe that they would have saved many lives, and largely improved the resources of Ireland. As it was, a spontaneous emigration sprang up, after the famine year. Thousands upon thousands fled from a country so afflicted by Providence and neglected by its rulers. And the depletion occasioned by the famine itself, and the constant outflow of the peasantry to seek a living in the United States of America, which set in then and has continued ever since, have together, in a rude but effective manner, solved the problem of the redundancy of population in Ireland. But who can wonder at the bitter feelings those terrible famine years left behind in the bosoms both of those who quitted their native land under the circumstances I have briefly glanced at, and those who remained?

It is a remarkable fact, and most creditable to the character of the Irish poor, that sums amounting

to upwards of a million sterling have been and still are annually remitted from recent emigrants in the United States to their friends in Ireland, chiefly to be employed in paying the passage of the latter to rejoin their relatives in the land of their adoption. This self-supporting remedy for a population which is pressing on the means of subsistence at home is worthy of admiration and of imitation elsewhere. It offers the true solution of the problem, how to deal with able-bodied pauperism wherever it exists.

After all, however, that can be done by a wise system of public relief to the destitute poor, it must be borne in mind that this class forms but a very small proportion of the population — at the present time in the United Kingdom, less than 5 per cent of the whole number, and not one to ten of that large body of persons who gain a precarious livelihood by manual toil, out of which these, the waifs and strays of humanity, have dropped into pauperism, through misfortune—brought on perhaps by carelessness, and want of thrift —perhaps by folly and vice. The great bulk of the class here spoken of as living more or less precariously by their daily labour for daily wages know themselves to be occasionally exposed by circumstances beyond their control to the deplorable fate of maintaining existence only by help of public charity, and in general do something to avoid this humiliating alternative. One of the methods to which they resort for the purpose, and with very considerable success, is a mutual insurance against the ordinary calamities which are apt to deprive a workman of the means of living. The establishment of Fraternities or Brotherhoods, Guilds, and Friendly or Benefit Societies—different names for the same, or nearly the same, kind of association having this object in view—dates from the earliest historical era. They

certainly prevailed widely in Greece and Rome, as well as among the early Teutonic races. In our own country they were very numerous in the 14th and 15th centuries. Each craft or mystery had its Guild, as now so many Trades have their Unions or Friendly Societies. The plan of all has been usually much the same; a small periodical subscription from each member enrolled in the Society forms a fund out of which any member who by sickness or other casualty is disabled from working—or in the Trades Unions, is deprived temporarily of work from any other cause, receives temporary relief. Generally, too, each member who dies is buried at the expense of the Society, and followed to his grave by his associates. Usually the members hold periodical meetings, and have an annual feast. These features are common to nearly all the associations for mutual assistance. Their universal institution is most creditable to the providence and forethought of the working classes. And the benefits derived from them, not merely in material aid, but also in the maintenance of a spirit of independence, of mutual regard and goodfellowship among the members, are incalculable. They are entirely and were from the first, self-established, and self-regulated. The higher and more powerful classes have rarely interfered except to control and sometimes plunder them. With a remarkable instinct, or, more correctly speaking, judgment, they have generally confined their objects to the very simple ones I have described above; though instances may be found of some extravagances, and some ambitious endeavours to exceed those limits. It is only of late years that the sanction of the law has, in this country, been given to these societies, affording legal security to their property, on condition of registration at a special government office. There prevails, I think, very generally among the higher or

wealthier classes an insufficient appreciation of the great advantages which these associations for mutual support in misfortune among working men have conferred upon society. As regards Trades Unions, no doubt for several years past some of them have shown a selfish and tyrannical spirit of hostility to non-unionists—that is, to persons in the trade who decline to join the associations. This spirit is most reprehensible, and when it takes the form of acts has been justly reprobated and properly made punishable by law. It is also perhaps an unfortunate characteristic of such Unions that the great body of the members are too prone to follow the advice of their leaders, often to their own loss and even ruin, "striking," *i.e.* refusing to work, at the command of men who often have a direct personal interest in the management of the funds of the society, and who during a strike live in idleness and luxury at the expense of their starving associates. Trades Unions are distinguished from Friendly Societies, or, as they are sometimes called, Benefit Clubs, on two points. First, that membership is confined to workmen who follow some special trade, such as the Engineers, the Iron-workers, the Carpenters and Joiners, the Tailors, Shoemakers, &c. Secondly, that allowances are made at the discretion of the Managing Committees to members out of work through other causes than sickness or accident. The Friendly Societies, on the contrary, usually confine their assistance to sick-pay, as it is called, to members incapacitated through these latter causes from earning their livelihood. Both classes make provision towards the burial of such of their members as may die while in membership. Both have also in some instances added to these objects, the insurance of pensions in old age—a most imprudent provision, inasmuch as, in the contingency of the society's funds failing at any time, those elderly members

who may have paid for an old age pension during a great part of their lives will be deprived of it when they come to the age at which they expect it according to their contract. All prudent Societies will on this account eschew such engagements, which it may be out of their power to fulfil. The provision of the means of maintenance in old age may now be secured without the possibility of risk, by either of two means lately opened to the poorer classes by the Government—*viz.* 1. By deposits in a Post Office Savings Bank. 2. By the purchase through the same medium of a Deferred Annuity, *i.e.* a pension to commence at any selected age. This last may be purchased either on the principle of mutual assurance, or of individual assurance. In the first case the contribution payable is small in amount, but is not recoverable on the demand, or on the death, of the purchaser before the age at which the pension commences. By the second the contributions of each purchaser are kept separate, and the amount refunded to him or his executors in the contingencies mentioned. But then the payments are proportionately high.

Two several objections are frequently made against the ordinary Friendly Societies; both of which I hold to be grounded on prejudice or an imperfect appreciation of their purposes. The first is that they occasionally become insolvent, and break up. Indeed, some dissolve themselves periodically, dividing among the members what surplus funds may remain in their chest, and recommencing after, perhaps, some alteration of their rules, or some weeding out of infirm members whom the society can no longer afford to maintain. Now this practice I believe to be neither unjust nor dishonest, as it is often called by humane though not over wise friends of the poorer classes, but just and, indeed,

often absolutely necessary, particularly in the case of the smaller societies, if they are to be maintained at all. If a society confine itself to assuring sick-pay and burial money to its members (as I have said all ought in prudence to do), there is no injustice, or breach of contract, involved in its dissolution at any fixed time. The members pay a periodical contribution for the insurance of certain benefits in the event of certain contingencies occurring during the period for which they contribute. A society which lasts, for example, only a year will have fulfilled all its engagements if it has paid the sick allowances bargained for to all of its members who were sick, and the funeral money to all who died, during that time. No injustice is done to any if its operations then come to a close. Those members who have not been out of work through sickness, or have not died, within the year, have no more reason to complain of their not having received anything in return for their contributions than has one who insures his house against fire reason to complain that, owing to his house not having been burnt during the period over which his payments extended, he has received nothing in return for them. In both cases each has, in fact, received all that he contracted for, namely, the insurance against the possible calamity. It is a question of convenience only, not of justice or right, whether a Friendly Society should dissolve itself periodically, or continue (if they can) for an indefinite term. Their engagements are temporary only, as are also the contributions they exact in return. Practically, it is an advantage—nay, often a necessity—that such societies should occasionally dissolve and reconstitute themselves. Their rules may need revision. Their tables may have proved themselves faulty. Their fund may be exhausted, or on the verge of exhaustion,

through a heavy drain from several confirmed invalids receiving sick-pay, whom it is impossible for the society to go on supporting. If a society were to be prohibited from breaking-up, as it is called, before its fund is completely exhausted, this rule could in many cases only defer absolute insolvency for a few weeks, whereas by dissolving and dividing the contents of the box, each member obtains some money with which to pay his admission fee to a newly constituted club. It has been said to be a grievous wrong to exclude from the new society any of the old and infirm members who have been contributors for many past years. But it might more reasonably be considered a hardship upon such young and healthy members as may wish to join the society, to have to maintain for years these old or invalid members. If societies are to be recruited by young members, it is only fair to them that the permanently disabled should be first eliminated. Indeed there is no choice in the matter, for, unless this be done to some extent, young men will not join the society, or will form a new one for themselves exclusively, in which case the old one must soon become insolvent.

2. The second objection frequently heard against the ordinary Friendly Societies is that they hold their monthly meetings and have an annual feast at some public-house. This objection proceeds from people who probably feast themselves, or their friends, sumptuously every day, and whenever a joint work is to be done or kept up, hold an annual festival at some tavern, where the good things of life are freely consumed. Why, then, are the poorer members of a Provident Society, whose very essence is brotherhood and good fellowship, to be debarred from occasionally meeting at the only place within their reach where they can enjoy together some creature comforts in company?

There is a Pharisaical cant in the objection which need not further be remarked upon.

Other useful associations have been founded on principles of self-help or mutual aid; for example, Building Societies, which enable members to provide themselves with houses, by annual payments calculated to secure the ownership in fee to the occupant at the end of a certain term of years. In some cases workmen have combined their savings to form a fund to be used as capital with which to carry on a business of some kind. As yet but a few of these have been successful. The principle of co-operation has, however, been carried out more widely and advantageously in the supply from a common store to the members of the association of the ordinary articles of their consumption, which, being paid for in cash, are obtained by them at very little more than wholesale prices, and of unimpeachable quality.

The sums invested in these various ways by the working classes, namely, in Trades Unions, Friendly Societies, Savings Banks, Building and Co-operative Societies, reach altogether a very high amount, probably more than one hundred millions; a great part of which is being continually taken out and replaced as suits the interest of the contributing parties. Large as these beneficial results are, there can be no doubt that they might be vastly increased by increased industry, thrift, and providence on the part of the working classes. A great portion of the fifty millions computed to be at present annually spent by them upon beer, spirits, and tobacco might be saved for more useful and enduring purposes, such as the improved comfort of their homes, the better education of their families, the insuring a certain provision against future possible calamity, or their removal from places where labour is ill-remunerated to others,

either at home or abroad, where it is more in request, and where greater opportunities exist for acquiring wealth and rising in the scale of society. Indeed, one of the most valuable lessons to be learnt by the masses who live upon the wages of their daily labour is a knowledge of the demand for their services in the different labour markets of the United Kingdom. It would seem to be a matter of no great difficulty to circulate information on this subject through every parish in the country, and the result would probably be a greater equalization of the wages of the same kind of labour throughout the land. At present a Dorsetshire agricultural labourer starves on 9*s.* or 10*s.* per week, when he might obtain three times as much in Lancashire or Northumberland.

The same may be said on the demand for labour in our colonies. Let the reader peruse the extract given in the foot-note to p. 239, *suprà*, from the *Times* of February last, and it will be evident to him that if any able-bodied labourer, willing to work, is unable to obtain it at wages which will enable him, after a few years' frugality and economy, to marry and support a family in this country, an unlimited field is open to him in our colonies, where he may certainly count upon acquiring comfort and independence. Mr. A. Trollope, in his recently published work on the Australian colonies, describes the opportunities afforded by several of them for the settlement of an almost unlimited number of agriculturists, upon land which they can purchase of the State at a price of from 20*s.* to 40*s.* per acre, paying for it by easy instalments—land which produces, year after year, crops of wheat without manure or fallow. And the possession of a farm of 100 or 200 acres of this quality, with a sure market for its produce, is open not merely to a man who may take out a capital from this country, but to every labourer who is willing

and able to work for a few years in that country, and save the necessary capital out of the high wages there obtainable.

In the first edition of this work I was led, by the then seemingly hopeless redundancy of the labouring population in the three kingdoms, to advocate the active interference of the Government in promoting emigration to our colonies. Since that time the circumstances that affect the question have so greatly altered as to have brought me to the opposite opinion, and to believe that beyond the kind of supervision now exercised with great benefit by the emigration department of the Colonial Office, any further interference on the part of Government would do harm rather than good. The circumstances I allude to are :—

1. The vast spontaneous emigration that has taken place from Ireland to the United States since the famine of 1847, and which is still going on, fed by the sums remitted to their friends at home from preceding emigrants, and which is actually preventing any increase of population in that island, while the means of employment at home are unquestionably increasing.

2. The large amount of emigration from Great Britain occasioned by the Californian and Australian Gold discoveries, and that of diamonds at the Cape ; with other causes that are still progressively augmenting the outflow of a yearly increasing stream of emigrants.

3. The complete change in the relations between the mother country and the only colonies to which emigration might advantageously be directed—namely, Canada and Australia—the absolute control over all the waste lands of these territories having been given up to the colonial legislatures. It was to the power of the British Government to regulate the disposal of these

lands to emigrants, or intending emigrants, that I chiefly looked for the means of promoting emigration by home authorities. I held at the time, and still hold, the opinion that this enormous concession to the few handfuls of people who at the time inhabited some small corners of these vast areas, was uncalled for and unwise. Those lands were the property of the people of Britain, and might have been made a source of incalculable benefit to them. But a stroke of the pen from a colonial minister, almost without the knowledge of the British Parliament, alienated them for ever, without a pretence of compensation in any shape. However, the act being accomplished, there is an end to all power in the home Government to employ these lands in any way for the encouragement or promotion of their settlement by the redundant population of these islands. Fortunately, the interest of the several colonies owning these lands, which without labour can be of little service to their existing population, must induce them to endeavour for their own sakes to attract emigrants capable of labour to their shores; and cheap land is, of course, the most promising bait they can hold out for this purpose. They are fully alive to this fact, and are bestirring themselves to promote emigration from Britain by the offer of cheap passages to selected emigrants. There is, therefore, at present the less reason to regret the alienation of the waste lands by the English Government.

'The work is even now proceeding or promising to proceed as rapidly as can be expected, perhaps as can be desired, without any assistance from Government; while the prospect of such assistance would tend to check the provision, by thrift and economy among those who desire to emigrate, of the means of doing so from their own resources, and thus rather retard than accelerate the progress of emigration.

This much is certain, that emigration, whether to one of our colonies or to the American continent, offers a sure and effectual resource against any extension of pauperism, or any redundancy of labour—a resource which, being always open to every labouring man, of which he may easily avail himself whenever the means of maintaining himself by honest industry fail him in his native land, leaves no palliation for crime, no necessity for the severe and brutalizing discipline of the workhouse, no excuse for that mischievous, however well-meant, charity, which encourages idleness, imposture, and vice.]

But though I am of opinion that emigration should be looked on as available at all times and under all circumstances to the able-bodied man in danger of destitution, I think it exceedingly doubtful whether there is any one country in Europe whose internal resources for the employment and comfortable maintenance of its population would be found *as yet* deficient, if it were not for the imposition and continuance of legislative shackles, which cramp the exertions of its inhabitants, and interfere with the natural, that is, the *free* direction of their industry, and the natural and equitable distribution of its produce.

Every civilized state offers examples of such artificial, needless, and injurious restraints. We must confine our attention to those which deform our own legislation, and of these we can only afford space to expose the most prominently mischievous. We shall class them for consideration into—

1. Restraints on agriculture. 2. On manufactures. 3. On commerce. 4. On the instrument of exchange. 5. Excessive and misdirected taxation. 6. Restraints on the just distribution of wealth.

CHAPTER XIV.

RESTRAINTS ON AGRICULTURE.

Restraints on the Transfer and Occupation of Land.

[1. FOREMOST among these in the first edition of this work was placed the Tithe System—the levy of a heavy tax on the increased production of the first necessaries of subsistence, as well as the raw materials of many manufactures. No wonder that one of the earliest works of a Reformed Parliament was to put an end to so vexatious and suicidal an impost. A permanent commutation of tithe was carried out under a Commission, which conceded most favourable terms to the tithe-owners, giving them a first lien on all tithable property, and for all time, to the utmost extent of their average receipts up to that date. Considering that tithes in Ireland had only a few years before been commuted for half their value, and that in France and other countries of Europe the impost had long since been altogether extinguished, this must be looked on as a very favourable arrangement for the English tithe-owner, who, however, resisted the change to the last, and is even now, it is said, endeavouring to overthrow it.

2. The excessive amount of local taxation for national purposes I regarded in 1832 as a burthen on land interfering with its productiveness and requiring abatement. Since that date, however, the state of things then existing has been much altered. The rates then paid were the poor-rate, county-rate, and highway-rate, and these were levied chiefly from the land. But it was only on the supposition of the future increase of these burthens that their incidence on land could be considered as any bar to improved cultivation of the soil by the investment of more labour and capital in it. And it has happened

that during the forty years that have since expired, the amount of rates levied on land for these purposes has not only not increased in proportion to its value, but has considerably diminished. The sum levied on the average of the ten years 1819–29 for the above purposes was, in round numbers (for these early returns are imperfect), under nine millions. They stand as nearly as possible at the same figure now, while not only has the rent of land greatly increased in the meantime, but the proportion of the rates levied from land as compared with house property has been reduced more than one-half. It is evident, then, that nothing like a grievance can be made out by the landed interest from the continued liability of their property to these local burthens, subject to which they bought or inherited them. The case stands differently as regards such new rates as have been recently imposed, or are likely to be imposed, on local property; and perhaps the landlords may make their claim good to be partially relieved from these; though it must be remembered that full two-thirds of the whole local taxation, both old and new, is now borne by the occupiers of house property, and can therefore in no way be considered as a special burthen on land—still less on agriculture.

3. The restrictions on the inclosure and cultivation of waste lands was next remarked upon in the first edition of this work, especially the absurdity of requiring a separate Act of Parliament for every separate inclosure, occasioning of course a large and in many cases perfectly prohibitory expense. A general Act was recommended for facilitating inclosures, both in England and Ireland, under commissioners empowered to order inclosures on application, and adjudicate between the respective claims of the parties interested. A measure for this purpose, so far as regards England, was shortly

after carried through the Legislature, and has, on the whole, I believe, worked well, though too much regard has perhaps been paid by the commissioners to the supposed legal rights, generally obsolete and practically almost valueless, of privileged claimants, and not enough to the interests of the actual inhabitants of the manor, especially of the poorer class, for whom sites for cottages and gardens should, I think, in all cases have been reserved, as well as recreation grounds, of sufficient area to meet the future as well as the existing requirements of the population.

4. Undoubtedly some of the most potent obstructions still remaining to the full development of the productive powers of the soil in this country consist, first, in the impediments which the law, or its practice, places in the way of the free transfer of land; and, secondly, in the limited interest in it of those who are its nominal owners The subject is too large to be entered upon here at any length. It is, moreover, so frequently discussed in the public press, and in councils meeting for the consideration of the interests of agriculture, that I could only repeat here arguments and proposals familiar to everyone. It is to be hoped that the movement now so general towards improvement in this direction will result in some thoroughly effective legislative measures for opening up the ownership of land to a larger number and more energetic class of proprietors.*

* I quite agree with the following remarks, extracted from the able article of Professor Fawcett on "The Nationalization of Land," in the number for December, 1872, of the *Fortnightly Review*:—

"There is no reason why an Encumbered Estates Court should not be established in England. Many a proprietor would gladly avail himself of such a tribunal, in order to free himself from mortgages, intricate settlements, and other encumbrances. Again, the present costly method of conveyancing seriously impedes the acquisition of small properties in land by persons of limited means. The whole policy of our law has been to favour the aggregation of land;

5. The conditions under which land is at present occupied and cultivated form perhaps the most influential of all existing barriers to its thoroughly efficient cultivation. It is well known that by far the greater proportion of farms throughout England are held on a yearly tenancy only, or at will, the tenant being subject to dispossession at six months' notice from his landlord. It is scarcely conceivable that anything like spirited cultivation can be carried on upon such terms. No doubt great reliance is placed by tenants generally upon the forbearance and generosity of their landlords under such discouraging circumstances, and this reliance is rarely abused. Nevertheless, the consciousness must always exist in the mind of the tenant that his position and means of livelihood, as well as his chance of reaping the full returns of any improvement he may make on his farm, lie wholly at the mercy of his landlord, and that even though he could trust to him individually, a change of ownership may at any moment put him in the power of a stranger. Farming has of late become a business requiring the expenditure of much capital and scientific skill to be fully effective. Improved stock, machinery, and manures cannot be employed by a mere tenant at will with any prudential regard to his interest and that of his family. Leases for a considerable term of years, coupled with conditions for compensation on quitting for all unexhausted improvements, are become the *sine quâ non* of such spirited

primogeniture has been sanctioned and encouraged by the fundamental distinction which is adopted in the distribution of the real and personal property of intestates. Other circumstances may be alluded to as diminishing the quantity of land annually brought into the market, such as the settlement of land upon the unborn child of one himself but a child, and for twenty-one years after. The people have the power to abolish these artificial impediments upon the sale of land, if they choose to express themselves with sufficient determination on the subject."

cultivation of the soil as is required in the interest of the public, no less than of the cultivators themselves. It has been asserted by some of the best friends of the landed interest that the soil of the country might be made to produce, on the whole, double its present produce, if the best system of agriculture now employed in some farms were adopted in all. The loss is a national one, too vast to be permitted to continue by those who have the national interests in their charge.

The subject is attracting so much general attention, that we may hope, before long, to see such changes introduced as may bring up the productiveness of the national soil to the requirements of its population. What particular legislative measures might be adopted to advance this end, is a question that would lead me too far. A law, giving security to a tenant in spite of any contract between him and his landlord, such as has been applied in Ireland to the cases of small farms under fifty acres, would be with difficulty admitted in this country; and yet, without such a provision, any law in favour of the tenant would probably be evaded by special agreement. Some modification of the law of distraint might perhaps be employed to induce landlords to offer leases to their tenants, and place the latter in a more independent position. The Scotch farmers, a most intelligent set of men, seem to look to this as the most desirable improvement in the land law.

It is certainly a matter of first-rate national importance that the largest obtainable amount of food, breadstuffs especially, should be got from the soil of the two islands. For we are even now dependent for more than one-third of our supplies upon imports from abroad. And these importations would be placed in great peril by any war between Great Britain and

another naval power. The ravages inflicted on American commerce in 1863 by the depredations of a single cruiser, the famous Alabama, may lead to some misgivings as to the safety in such a contingency of those numerous cargoes of wheat which are every day in the year upon the ocean, and on which our ever-increasing population positively depend for the means of existence.]

CHAPTER XV.

RESTRAINTS ON MANUFACTURES.

Taxes on Raw Materials — Excise Duties.

THE legal restrictions which interfere with manufacturing industry in this country are chiefly of a fiscal character.

Direct taxation has always been an unpalatable and unpopular mode of raising the public revenue. And Governments have, in consequence, generally resorted to the imposition of customs and excise duties upon imported or home-made commodities. The tax, being levied upon the producer or importer, is charged by him, of course, upon the purchaser, who in reality pays it, but in so indirect a manner as to be unconscious of the nature of the payment without a process of reflection that does not readily present itself to ordinary minds. Through this contrivance, the Government of Great Britain has raised and spent enormous revenues which the nation would certainly never have consented to pay in direct contributions from their purses.

Whatever injury results from the people being thus blinded to the excessive expenditure of their Government,

may, perhaps, be counterbalanced by the facility afforded to the collection of the necessary revenue. The system, therefore, would be harmless on the whole, if the articles taxed were solely luxuries, consumed chiefly by the wealthier classes; in which case the effect of these duties would be nearly the same as of a direct tax on wealth. They would have little or no influence on wages or profits, and consequently on national industry. A very considerable proportion of our customs and excise duties, exceeding £30,000,000, are of this comparatively innoxious character.

But there are some duties which, by their interference with the manufacture either of articles of the first necessity, or of such as are fabricated in this country for exportation, exercise an injurious influence on these important branches of industry. Such are—

1. The taxes on the raw materials of our principal manufactures. Sir H. Parnell, in 1830, estimated the amount of taxes annually levied on the materials employed in manufactures, buildings, shipbuilding, &c., at upwards of £6,000,000.

[Shortly after the first publication of Sir H. Parnell's valuable work, steps were taken, in conformity with his recommendations, for the abolition or lightening of some of these injurious imposts. The duties on hemp, extensively used in the manufacture of linen, sails, and cordage—on flax and cotton—on barilla and ashes, on a large number of drugs and dyes used in various branches of manufacture, on coals and culm carried coastwise, on tiles, on leather, and on soap, were either completely abolished or greatly reduced. The reduction of the duties on thrown silk was most obstinately resisted by the Protectionists, led by Mr. Robinson, but the free-traders at last gained the victory. The heavy duties on timber were retained longer, and the attempt to

mitigate them by Mr. Poulett Thomson nearly shipwrecked the Ministry of Lord Grey in 1834.]

2. Of taxes imposed directly on the manufacture of articles of prime necessity, or exportation, Sir H. Parnell justly stigmatised the heavy duties on paper, glass, and printed calicoes. [The latter was soon after materially reduced.]

"The duty on paper," Sir H. Parnell remarked, "has an injurious effect on many other trades besides that of the paper-maker. The limited consumption which it occasions injures the makers of machinery, type-founders, ink-makers, printers, engravers, booksellers, bookbinders, stationers, paper-stainers, and several other trades. But the greatest evil of all is the high price of books which it gives rise to. This places a great obstacle in the way of the progress of knowledge, of useful and necessary arts, and of sober and industrious habits. Books carry the productions of the human mind over the whole world, and may be truly called the materials of every kind of science and art, and of all social improvement."*

In addition to the increased cost of these manufactures occasioned by the amount of the tax collected from them, the necessarily severe and vexatious regulations under which the duties are collected have most injurious consequences.

"By the Excise laws prescribing the processes of fabrication, the manufacturer cannot manage his trade in the way his skill and experience point out as the best; but is compelled to conform to such methods of pursuing his art as he finds taught in Acts of Parliament. Thus the unseen injury arising from Excise taxation, by its interference with the free course of manufacture, is much greater than is suspected by the

* Parnell, p. 8.

public. The consequence of the activity and invention of the manufacturers being repressed, is that the consumers of their goods pay increased prices, not only for the duties imposed on them, but for the additional expense incurred by absurd and vexatious regulations; and, in addition to this, the goods are generally very inferior in quality to what they would be if no duties existed."*

It is to be hoped that the further repeal of the taxes on manufactures, and the materials of manufactures, will be proceeded in, until the whole are removed, and that artificial obstacles of this nature will no longer be allowed to impede the employment of British capital and labour, in working up the produce of British industry into articles for sale in the home or foreign markets.

[This hope was fully realized at the instance of Mr. Huskisson and Mr. Poulett Thomson, and subsequently of Sir R. Peel and Mr. Gladstone.] In other countries, the law continues still to meddle injuriously with many processes of manufacture, for purposes of supposed public advantage. The most notorious as well as the most recent example of this blind policy is to be found in the imposition of heavy duties on the importation of raw materials by the French Assembly last year, under the inspiration of M. Thiers. And yet, more than half a century back, the mischief of all such interference was justly exposed in the work of M. Chaptal, Minister of the Interior under Napoleon, published in 1819; and the following passage from that work evinces a creditable acquaintance for that period with the true principles of commercial and financial policy.

"A government that knows its real interests will

* Parnell, p. 26.

endeavour to favour production; its wealth is proportioned to the quantity of taxable produce within its reach. It is less by the amount of taxation, than by the mode in which the taxes are levied, that a nation is oppressed. When the materials of industry are taxed, the source of reproduction is dried up, and the public prosperity must languish." "Imposts should be placed, not on the first necessaries of life, but on superfluities." "To protect property, to facilitate the supply of the materials of industry, to favour production in every shape, is the sum of the duties of government in relation to commerce. By attempting to interfere with the processes of fabrication, to influence the supply of markets, or to regulate commercial transactions, it can only hamper industry, and injure its own interests."*]

CHAPTER XVI.

RESTRAINTS ON COMMERCE.

Restrictions on Exchanges.—Fallacy of the Arguments against Free Trade.—The Protecting System.—Ruinous Policy for a Commercial State—Depresses Industry and discourages Production.—Taxation no ground for Protection—Nor the absence of reciprocity.—Corn Laws.—In principle unjust and impolitic.

Of all the faults which have been committed by the legislature of this country, few have proved so injurious to the successful prosecution of the national industry, as the restraints which it has imposed on the freedom of commercial exchanges.

In a former chapter, we endeavoured to exhibit the vast benefits that flow from commerce, through its enabling the inhabitants of every district or country to

* Chaptal, "De l'Industrie Française," tome xi, p. 218.

avail themselves of the advantages they possess of climate, situation, or soil, favourable to the production of particular commodities, for procuring such other things as they cannot so readily produce at home, at the least possible sacrifice of labour, time, or capital—in one word, at the least *cost*.

But the benefit thus arising to a people from the satisfaction of its wants at the cheapest possible rate has long been, and still is, stoutly denied. It has been contended that the importation of foreign commodities prevents the employment of so much native industry as would be required to fabricate these goods, or some substitutes for them, at home; and that this injury is in no degree compensated by the comparative cheapness of the foreign commodities to the consumer. This argument rests upon several great and equally fatal errors.

1. The attention is confined to the effect of the importation of a superior foreign article on those persons in the importing country who are already engaged, or would, but for such importation, engage themselves, in the fabrication of the commodity in question or its substitute. It is altogether overlooked that the importation is only an *exchange* of some product of home industry for some other of foreign industry; and that to prevent the importation of the one, is to prevent the production and exportation of the other. In fact, it is not the foreigner that "*produces*," in the English market, foreign silks, gloves, or corn—their real producer is the English manufacturer and trader, who makes and exports cloth, cotton, or hardware, and brings back *in exchange for these articles*, the gloves, silk, or corn. These things are as certainly *produced* in the markets of England by the employment of English labour, skill, and capital alone, as if they were raised and fabricated

directly upon the surface of this island. Their equivalents must be first produced here, and then exported in exchange for them, or their introduction would be impossible; for certainly foreigners never send us their goods, except in return for an equivalent, and we can of course export nothing which is not the produce of British industry. Every obstacle, therefore, placed in the way of the importation of any foreign article is precisely to the same extent an obstacle to the exportation of an equivalent of British manufacture. And the injury sustained by the consumers of the articles so "protected," as it is called, through their higher price or inferior quality, is wholly uncompensated by any advantage whatsoever to anyone. The effect of all protecting duties is to diminish the general productiveness of the national industry, by confining it to such employments as are less productive of value than those which, without such interference, would be undertaken.

The reasoning, indeed, on which that interference is grounded directly denies the benefit resulting from the division of labour and exchange of its produce. If true with respect to nations or districts, it must be equally true with respect to individuals. It would go to make every producer fabricate all the articles he consumes, on the ground that it injures him to be supplied with anything fabricated by another party.

2. The mistake has arisen in a great degree from the natural shortsightedness of those who, accustomed, from their own "*practical*" experience, to consider the employment given by a customer to the capital and labour of a producer as his only source of gain and maintenance, look upon such employment as an end rather than a means, and imagine every change which lessens the quantity of labour and capital employed in producing a commodity to be injurious instead of beneficial.

It is, in fact, precisely the same vulgar error which leads to the outcry against improved machinery, viz., because it effects a saving in the labour or capital expended in any branch of production; as if this were no benefit, but the contrary. It is forgotten in both cases that, though the change may for a time derange the industry of some parties,—may thow out of work the labourers, and reduce the value of the capital employed in the particular branch of industry it supersedes,—it must cause *at least* an equal demand for labour and capital in some other branch; so that the body of labourers and capitalists, or the producers *as a whole*, cannot lose, while the greater cheapness of the article to all its consumers is a clear additional gain to the community. But in truth an *increase* of the aggregate demand for the produce of industry always follows every increase in the facilities for production; the desires of man universally expanding with his means for satisfying them.

3. And thus a third fallacy is involved in the usual arguments against free trade. It is taken for granted that there will be the same demand for the inferior and dearer home-made article as for the better and cheaper foreign product; whereas it is precisely the superior cheapness and quality of the latter that *creates* a demand where none would otherwise exist, and stimulates exertion to procure the means of satisfying it. And since it has been shown that, to satisfy this demand, an equivalent of home manufactures must be exported, it is evident that the admission of foreign goods, by *tempting customers*, is the cause and origin of an *increased* demand for goods of home make.

It is also the cause of great improvement in their quality, by rousing the emulation of the native manufacturer, and offering him models for imitation. In

fact, to prevent the introduction of foreign fabrics to compete with our own, is to offer a premium to sloth and negligence; and experience has proved that such competition is always followed by a rapid improvement in the home-made article.

Few political errors have, indeed, occasioned more mischief than this. The regulating mania which it inspired has tormented industry in a thousand ways to force it from its natural channel. It has falsely taught nations as well as individuals to regard the welfare of their neighbours as incompatible with their own. It has fostered a spirit of artifice and conspiracy of class against class, and interest against interest,—each trying to gain legislative favour at the expense of the rest. The prices of most articles have been forcibly enhanced by protecting duties or legislative monopolies. By this awkward system of each robbing each, *all* parties have been losers, and the sum of national wealth, comfort, and prosperity proportionately lessened.

Certainly it would be impossible to conceive a more suicidal policy for a great manufacturing and commercial country like this, than a system which strikes at the very root of all commercial and manufacturing industry. Had the legislature completely shut out all foreign productions from this island, and forced its inhabitants to content themselves with objects *directly* created by their own industry, does any one believe that the industry, the productiveness, the wealth, or the power of the nation would have attained to one-fourth of their present development? Our wishes repressed by a prohibition on their gratification—all the stimulus to industry, enterprise, and ingenuity removed, which proceeds from the excitement of new and varied wants,—we should have stagnated in the torpid condition of those nations among whom com-

merce is nearly unknown, and who have remained for as many thousands of years unimproved, as we have spent centuries in passing, chiefly through the instrumentality of our commerce, from the depths of barbarism to the high station we now occupy at the head of the civilized world.

To whatever extent this principle of exclusion is carried, it must, in a proportionate degree, depress industry and discourage production. "In all cases where high duties are imposed to afford protection, foreign commerce must, in the nature of things, be diminished to a greater extent than domestic industry is encouraged."* And as is remarked in the same document, it is with singular inappropriateness that this destructive prohibitory policy has been denominated a "protecting" policy; its effect being to lessen the productiveness of industry, and to destroy, not to create, wealth.

Every manufacture has its proper position, as every agricultural product has its proper soil. The attempt to establish manufactures of every kind indifferently in every country is like an attempt to grow in one spot the vegetable productions of every soil and climate. By a vast expense in glass-houses and fuel, you may succeed in rearing some weak and puny specimen of a tropical fruit in Norway or Iceland;—and in the same manner by prohibitions and bounties you may raise some faint imitation of a foreign manufacture in a country unsuited to its production. But in either case there is a waste of all the trouble and expense which the effort has cost, beyond what would have served to produce the fruit or the fabric in all its perfection, by exchanging for them with the inhabitants of those countries to which they are suited, such objects as you

* American Anti-Tariff Memorial. 1828.

enjoy from natural circumstances an especial facility for producing.

It is not by legislation that industry is to be encouraged. Freedom is the element it loves. In that, its native climate, it expands its spreading branches, and matures its rich and abundant fruits. In the sickly and confined atmosphere of the legislative forcing-frame it loses its health and vigour, decays, and before long expires.

Of the arguments which are brought against the principle of free trade by those who cannot venture to deny the simple axiom that every importation causes a correspondent exportation, we know only of the following :—

1. "That the producers of such a highly taxed country as this ought to be protected from the competition of comparatively untaxed foreigners." But if the taxes of this country are levied equitably from all classes, it is clear that the producer of the article which would be exported to pay for the imported commodity is as much burdened by the national taxation as the producer of the article which the latter would supersede. If, in spite of this taxation, he can find a foreign market for his goods, to stop him from doing this because another manufacturer, *not more heavily taxed*, labours under greater natural disadvantages, is about as wise as it would be to tie up the legs of all sound men because some are lame; it is to choke up one of the main sources of the national revenue, namely foreign commerce, and by so doing to *increase* the general pressure of taxation, the weight of which is the professed reason for the restriction. If the taxes are not levied equitably, the remedy is to equalize them, not to make the imposition of one injustice the defence for another.

2. "That one country loses by the importation of the

goods of another, unless there is a *reciprocity* in the free admission of her goods on the same terms into the latter." This fallacy is easily seen through. A will not send goods to B except in exchange for goods or cash. If the admission of goods from B into A is prohibited, and does not take place by smuggling (which in nine cases out of ten is really the case, though these transactions, not appearing on the face of statistical documents, are overlooked in the arguments of the sticklers for reciprocity), the goods B receives must be paid for in the precious metals—say gold, as the cheapest of conveyance. But it cannot be profitable for any merchant in A to export gold in purchase of foreign goods, unless at the same time he, or some other merchant, finds it profitable to import an equal quantity of gold in exchange for goods of home production from some other country, say C, into which the goods of A find their way. If the goods of A could not buy this quantity of gold somewhere, its exportation to B would speedily raise its value in A so high, that it would be no longer profitable to export it for the goods of B. The whole process may be looked upon as one transaction. Gold is an article of merchandise, and must, in the long-run, preserve the same value in relation to goods throughout all countries that deal together. The merchants and producers of this country, as a body, could not find it profitable to send out gold in payment of goods, unless it were equally profitable to purchase gold with goods. In practice, however, very little gold is employed for this purpose. The circulation of bills of exchange, representing goods, settles the mutual commercial balances between different countries. If A imports from B more goods than it sends there, B is paid by goods sent from C, which receives from A more than it sends. Any impediments, therefore,

placed in the way of the mutual interchange of goods between nations is as injurious to the country imposing the restriction, as to that whose productions are prohibited or heavily taxed; every prohibition, or tax, upon importation acting precisely to the same extent as a prohibition, or a tax, upon exportation. If France excludes our iron, France suffers from this unwise policy quite as much as England. If England excludes the timber or the grain of the north of Europe, England is certainly as large a loser as Norway or Poland. On whichever side the restriction is imposed, there is sure to be a reciprocity of injury: and the benefit of every relaxation, from whichever side it proceeds, is sure to be enjoyed by both.

[These general propositions in favour of free trade were, in the first edition of this work, followed by an especial reference to the impolicy of any restrictions on the importation of corn, the staple food of the people. It is needless to repeat now arguments which no one in the present day thinks of opposing. But it is well to recall the fact that at the time the above was published, the notion of wholly freeing grain from protective duties was scouted by almost every legislator and statesman, and that it was not till some sixteen years later, and after famine had desolated Ireland, and the manufacturing districts of England were in almost open rebellion, that complete freedom of importation was conceded to bread-stuffs. It was perhaps fortunate for the cause of free trade generally that the particular object of contention in this country was the duty on imported corn, the staple article on which the masses subsist. These duties consequently took the odious form of a bread-tax. And it was this invidious character and consequent unpopularity which rendered the cry for their abolition (in the phrase of the day, for a cheap

loaf) too dangerous to be resisted. Had it been otherwise; had the United Kingdom, like the United States of America, been a corn-exporting country; and the question been not the free introduction of food in exchange for manufactures, but of manufactures in exchange for food, or even for manufactured articles of some other kind, it is doubtful whether the free traders would have carried their point so soon or so completely; whether, indeed, "protection to native manufactures" would not still have been the rule in this country, as it is in the United States, and even in our own colonies. In France, notwithstanding the enlightened efforts of the late Emperor to introduce gradually the principle of free trade, the leading statesmen of that country are still protectionists, and maintain tariffs expressly intended to restrict the importation of foreign manufactures, unconscious that so far as they succeed in doing so, they to the same extent obstruct the exportation of their own. There is, fortunately, a limit beyond which this short-sighted policy cannot be carried. The smuggler corrects the folly of protectionist legislation. When import duties are imposed so high as to make it worth his while, the smuggler sets the law at defiance, and finds the means of introducing the foreign articles desired by the consumer. It is a fact mentioned by Mr. Poulett Thomson in his able speech on the silk duties on April 14th, 1829, that Napoleon, in the plenitude of his power, then seeking by his Berlin and Milan decrees to exclude British manufactures from all the markets of Europe under his sway, was set at naught by the smuggler, by whose agency goods found their way to Paris and Vienna through the harbours of the Baltic and even of the White Sea.]

CHAPTER XVII.

RESTRAINTS ON THE INSTRUMENT OF EXCHANGE.

Injury of restrictions on the Instrument of Exchange.—Credit always employed as a medium for circulating values to a far greater extent than Coin.—Credit should be free to take what form convenience may dictate.—Just limitations of Currency.—Their object, convenience, security, and stability of Value—To be obtained only by a National Bank.—The English system.—Bank of England Monopoly.—Variations in Value of the Standard.—Proposed measure of Variations.—Their injustice and enormous extent of late years.—Suggestions for Improvement of Monetary System.—Usury Laws.

MONEY is the instrument by which all exchanges of goods are effected. Any saving in its cost is as advantageous to the productive classes among whom these exchanges take place, as an equivalent saving in the cost of their instruments of production, and goes equally to augment the net returns of industry; and any restriction on such improvements is to the full as injurious as a restriction on improved machinery or on free exchange.

In an early chapter distinction was drawn between the standard of value and the medium or instrument of exchange, and we spoke of the great probability that from the very first commencement of exchanges, *credit*, or the faith of one man in the engagements of another, has been largely employed as the medium of commercial transactions. The first man who said to another, "Give me a meal to-day, and I will give one to you or to your friend to-morrow," originated the system of credit. Want of confidence between man and man alone even now necessitates the use of money of intrinsic value, which is, indeed, a comparatively clumsy contrivance, and but a form of barter.

The inconvenience of a metallic medium for the exchange of commodities is such, that, if we were

confined to it, all commerce would soon be at a standstill. Nearly all the entries in all the ledgers of all the trading classes in the civilized world record transactions on credit. The dealings for cash are comparatively insignificant. And if it were attempted to carry on all dealings by means of cash only, all the precious metals in the world would be insufficient to effect one-thousandth part of our daily exchanges, and direct barter would, in most cases, be found positively the more convenient method of the two.

Accordingly, a variety of contrivances have been resorted to by the commercial classes in most civilized countries for the purpose of making the credit of individuals, or of firms, supply the place of coin in their exchange transactions. Besides the book debts, or entries on ledgers, already referred to, written obligations to pay fixed sums of cash within a definite period, called bills of exchange, are in general use. These may be considered as loose leaves taken from a ledger, for the purpose of rendering the credit they record transferable from one person to another; each acceptor through whose hands it passes placing his signature at the back of the bill as a voucher of his responsibility for the amount named in it. In this way the same bill may effect a great number of transactions. Another form is that of cheques drawn on a banker for money deposited with him to the credit of the drawer of the cheque, and payable on demand. Another is the issue of promissory notes of certain definite amounts, as one, five, or ten pounds, &c., payable on demand to the bearer, and requiring no indorsement to render them transferable. Credit in the latter shape circulates among persons who entertain no doubt of the solvency of the issuing-firm as readily as coin. And the convenience of substituting

for coin these transferable pieces of paper is such that they have usually been preferred for general use. All these forms of credit represent metallic money, and profess to be convertible into it by the parties whose signatures they bear, at the will of the holder. Except by enforcing the fulfilment of this, the engagement contracted for on the face of the note or bill, the law has refrained from interference, leaving the commercial world to use any or all of these forms of credit, as may suit them best, with the exception of the last-mentioned promissory notes. The issue of these it has been judged expedient by Government to regulate more or less, for the same reasons of security and convenience which, as we have seen, dictated the exclusive issue by the State of the coined money for which these notes act as a general substitute.

[Up to a recent period an unlimited number of banks in this country were licensed by the State to issue paper notes of this description under certain restrictions. But the failure of large numbers of such banks to redeem their notes at times of commercial difficulty, especially in the year 1825, was found or considered to cause so much loss and suffering to the public, which used them almost solely as currency, that the legislature in 1844 passed an Act to prohibit any further issues of the kind, except to a limited extent by the Bank of England, and by private banks to the extent only of their issues at that period. The Bank of England issue was confined to the sum of fourteen millions only beyond their reserve of gold. By this Act the business of issue by the bank was separated from that of banking; the operations of the former becoming, in fact, automatic; notes flowing in or out only as gold is demanded of, or brought into the establishment. It has, therefore, practically become,

as regards the issue of notes, a *State* or national bank; the fourteen millions above-mentioned being covered by Government securities to that amount, and its notes made a legal tender.

It has, however, been much questioned whether the circulating medium has not been unduly cramped by this restriction, especially considering the vast increase of commercial transactions that has taken place since 1844. It has, in fact, been shown in repeated instances, viz., in 1847, 1857, and 1866, that at moments of general commercial embarrassment it becomes absolutely necessary to relax the limitation required by the Act. The bank on each of these several occasions has been subjected to such pressing demands for accommodation from firms known to be perfectly solvent, but whom the general panic subjected to possible momentary discredit, as to force it to appeal to the Government to sanction an increase of the note-issue beyond the limited amount—an appeal to which the ministers in every instance felt themselves obliged to yield. From a recent debate in the House of Commons, it seems probable that some more legitimate mode of relaxation on such extreme occasions will be adopted by the legislature.

The periodical recurrence of such crises as are here referred to has been already noticed (p. 173), and their probable origin indicated in a natural tendency of the human mind to extreme elation and general confidence at one time, followed after an interval by revulsion and equally extreme distrust. If this view be correct, it must be obvious that no legislative enactment can wholly prevent these oscillations of credit. And when the enormous amount to which the commercial transactions of this country reach is considered —obligations to the extent of several hundred millions

being at all times in existence in the shape of book debts, banking deposits, bills of exchange, and cheques, the last alone amounting, it is said, to six thousand millions within one year—it is wonderful that so small a basis of bank paper (the notes of the Bank of England alone being legal tender) can support so vast an edifice of credit, even in periods of general confidence. Nor is it surprising that under these circumstances, when distrust sets in, and every one who can obtain either notes or coin is anxious to keep them in his own hands to provide against contingencies, it is apt to turn to panic, and expose even the most prudent firms to undeserved peril.

These variations in the facilities for obtaining credit proportionately affect general prices, inasmuch as every transaction of the kind involves the direct purchase of goods or of labour; and the wages paid for the latter are almost immediately expended in the purchase of goods. Increased prices render it more profitable to import foreign commodities, and less so to export commodities from the country in which prices have so risen to others in which no similar rise has taken place. Consequently, the balance of imports over exports has to be sent abroad in the shape of metallic money. Gold for this purpose is demanded from the bank, which, by raising its rate of discount, sounds the note of alarm, and induces all prudent persons to exercise caution in their speculations. As private discount houses usually follow the lead of the Bank of England, even the less prudent speculators, finding they can only borrow money at such advanced rates of interest as must largely reduce their expected profits, are led to restrict their operations. In this way any excessive inflation of credit is before long brought back to an equilibrium, and prices fall accordingly. The collapse,

indeed, both of credit and prices, is often carried below the point of safety. Oscillations of this kind are probably, as we have said, to some extent inevitable. It is only when they reach the extreme stage of a panic, in which for a time all credit seems suspended, and goods are nearly unsaleable, that they result in serious and general calamity.

Some theorists attribute these derangements to the effect of the law which requires the payment of all pecuniary obligations in coin, or in the notes of the Bank of England, which are themselves convertible on demand into coin. But it is clear that nothing short of this compulsory payment in metallic money could secure paper of any kind from being issued in such superabundance as to cause a proportionate rise in prices, that is, a depreciation of the value of the paper money, without check or limit. This consequence of an inconvertible paper currency was seen in the extreme case of the assignats issued by the revolutionary government of France, which fell in value until a loaf had to be paid for by a bundle of 1000 paper francs.]

The law requiring all debts to be settled in metallic currency of standard value assumes that value to be invariable. Unfortunately, this assumption is by no means absolutely true; and a medium for the exchange of values which is itself liable to vary in value is as false a measure of value as a foot-rule which should vary in length would be of length, or a pound of weight which itself varied occasionally in weight. Although the precious metals have been generally used in all ages and by nearly all nations as the instrument of exchange, owing to their possessing some peculiar qualities fitting them for this office in greater perfection than any other commodity, they are by no means invariable—it is

doubtful whether they are less fluctuating in value than many other commodities.

In an earlier chapter, it was shown that exchangeable or commercial value is solely relative, and means, when used in a general sense, the command of one object over others in the general market of exchanges—in the short phrase of Adam Smith, its "purchasing power." To be invariable in value is, therefore, to preserve the same relation to the mass of other commodities in general estimation; and in order for any particular commodity to possess this quality, it must increase and fall off in quantity—or, at least, in the facilities for its production—in the same ratio with the average of other commodities; in which case alone any fraction of it will continue to command the same fraction of the aggregate of goods. It is improbable that any one commodity should possess this quality; and certainly it is impossible to foretell of any one that the facilities for its production will always preserve the exact level of the average of other commodities, and march in complete uniformity with the general progress of improvement in the arts of production. No single commodity, therefore, can be depended on as a true measure of value.

But the next best thing to obtaining a perfect measure of value, is to obtain a means of ascertaining the variations of the imperfect measure we may be compelled to employ for want of a better. Now the variations in value of any commodity might, it would seem, be ascertained approximatively, and with quite sufficient accuracy for all practical purposes, by comparing it with the great bulk of other commodities;—by placing gold, for example, on one side, and on the other a large list of the commodities in general use, which may be taken to represent fairly enough the entire mass of goods. Take, for instance, a price-current, containing the prices of

one hundred articles in most general request, in quantities determined by the proportionate consumption of each article—and estimated (as they are under the standard of this country) in gold. Any variations from time to time in the sum or the mean of these prices will measure, with sufficient accuracy for all practical purposes, the variations which have occurred in the general exchangeable value of gold.

It is quite indifferent whether the change has been brought about by circumstances immediately affecting the production of gold or of goods;—whether the *real* costs of producing the one or the other have increased or diminished. The change in the *relative* facility of producing gold and goods, in either case, occasions a change in the value of gold—and, consequently, in this country, of money—equally unjust as respects debtors and creditors, both parties having contracted to pay or to receive money upon the faith of money continuing to remain invariable in value,—that is, in its relation to the mass of other commodities.

On these grounds it has been proposed to correct the legal standard of value (or, at least, to afford to individuals the means of ascertaining its variations) by the periodical publication of an authentic price-current, containing a list of a large number of articles in general use, arranged in quantities corresponding to their relative consumption, so as to give the rise or fall, from time to time, of the mean of prices; which will indicate, with all the exactness desirable for commercial purposes, the variations in the value of money; and enable individuals, if they shall think fit, to regulate their pecuniary engagements by reference to this *Tabular Standard of Value*.

"Here, then, though the law continued to maintain the metallic standard in all contracts which did not

contain a special agreement to the contrary, it would be open to parties to avail themselves, if they chose, of the comparatively invariable standard which the table would afford them, by declaring that their agreement should have reference to the tabular standard, or be corrected from time to time by it. The publication of such a table of reference in an authentic form would greatly obviate the disadvantages attendant on variations in the value of the metallic standard in all future contracts. The extent of those variations would be openly declared and easily ascertained. There would be no longer any deception or jugglery in the standard of value to be dreaded by those who enter upon money engagements. Such persons as continued to regulate their contracts by the metallic standard would do so with their eyes open to its possible fluctuations; and their acquiescence in the chances attendant on its use might thenceforward be fairly implied from its voluntary employment. Those, on the other hand, who wished to employ money in their contracts as a correct measure of value, and to run no risks of its variation either way, would have it in their power to confer on the sum specified an uniformity and permanency of value, *by changing its numerical amount in proportion to the change in its power of purchase.*"*

The extent to which the value of money has fluctuated in this country, effecting by each change a proportionate injury on either the debtor or creditor interest, may be approximatively estimated, by considering the amount of pecuniary obligations at all times outstanding in this great commercial country. These, including the national debt and all other public as well as all private engagements for the payment of fixed sums of money,

* An Examination of the Bank Charter Question. Murray. 1833.

can hardly fall short of from three to four *thousand millions*. A rise of one-fourth in the value of money, therefore, occurring within the mean duration of these engagements, must defraud the debtor interest to an amount about equal to that of the entire national debt. A depreciation to the same extent must rob the creditor interest of the same vast sum. Changes to this extent, and more, have occurred within the last half century, and will, no doubt, occur again, unless some means like that just pointed out are taken to obviate them, or at least to prevent any unforeseen and consequently unfair injury resulting from them—by exposing them, as they occur, to the public.

The great pressure which is now (1833) felt from the excessive burden imposed by taxation on the springs of our productive industry, is owing to the gradual rise during the last fifteen years in the value of our standard metal, gold. The currency has been on the whole appreciated nearly one hundred per cent. since the greater portion of our debt was incurred, and the present scale of our national expenditure fixed. Consequently, the burden of taxation is nearly double what it was at that time.

It is no answer to this to say, that the change has not proceeded entirely from a falling off in the supply of gold, but, in part, from the increased supply of goods of all kinds, through the increased productiveness of the labour, skill, and ingenuity of all nations, and especially of our own, exercised during a lengthened peace. Undoubtedly, our resources have increased since the war through these causes, but is that any just ground for a parallel increase in our burthens? If our money obligations are to represent, not a fixed quantity of goods in the lump, but a fixed proportion of the produce of our industry, the main inducement to industry is

weakened—the great principle is violated which gives to the industrious the sole property in the returns of their own industry. The creditor interest, both national and private, is in that case fastened upon the productive interest with a claim exactly parallel to that of the tithe-owner on the agriculturist,—of the metayer landlord on his tenant,—of the serf-master upon his slave. It is a claim the amount of which increases with the increasing exertions and productiveness of the debtor. The injustice and impolicy of such an interpretation of all pecuniary liens upon industry falling due at distant dates are obvious. It must both check the desire to improve, and diminish the means of improvement. The producing classes—the owners of labour, land, and capital,—have a right, founded on the simple principles of natural justice, to share amongst themselves *exclusively* the *increased* produce which arises from their own increasing numbers, skill, ingenuity, exertions, and productive powers. The non-producing classes, who are their creditors for fixed sums of money, have no equitable title to any increase in the average quantity of commodities which these fixed sums command, since they contribute *nothing* towards such increase.

Take the case of a public debt. Suppose an industrious people to have pledged their resources to the payment of a debt of a thousand millions of money to certain parties. Is it just that this sum should be interpreted to mean—not a fixed command over commodities at large according to their estimation in money at the time of the contract—but a fixed *proportion* of the aggregate produce of the industry and ingenuity of the increasing community,—so that the debt should be continually increasing in value with the numbers and industrial exertions of the people? Suppose a national debt had been incurred a century back reaching to one-

fourth of the gross produce of the country in that day. Would it be just that the owners of this debt should claim a right to one-fourth of the gross produce of the country in the present day? And yet the argument we are contending against—viz., that a fall in general prices, when occasioned by a general increase of productiveness, works no injustice to the producing, that is, the *debtor* class—would strictly lead to this inference.

This important question was of little comparative moment in former days, and until the present practice was established of contracting fixed money engagements,—perpetual, or for very long terms, and of large amount. In other countries it is still of comparatively little consequence. But in this, where our national and private money engagements of a more or less permanent nature reach to so vast an extent, it has become a question of vital interest, and its solution ought not to be delayed an instant longer than is necessary for patient investigation and correct decision.

The existence of a great commercial country like this, with an enormous public debt, an immense national expenditure, and a system of private credit—the extent of which is measured in thousands of millions—depends on the soundness of its monetary system.

Let us not any longer knowingly hug falsehood to our bosom in a matter of such portentous moment. Our legal and established measure of value is a false and fraudulent one. It cheats the productive classes most cruelly and unjustly for the benefit of the non-productive classes. It is a robbery of the industrious on account of the idle.

This, at least, has been its operation of late years, owing to the facilities for producing gold not having kept pace with those for the production of the bulk of

commodities. But the tables may be any day turned upon the creditor interest; and if, by the discovery of any peculiarly rich mines of this metal, its supply were greatly to outstrip that of other goods, the owners of money claims would suffer in turn as unfairly and unjustly from the consequent fall in the value of money, as their debtors are made to suffer now from the opposite circumstance. It is for the true interest of both parties that means should be adopted to render the standard by which their engagements are measured invariable. It is for the interest of industry and commerce that the risk of an unforeseen change in the value of the standard should not be superadded to the other elements of uncertainty to which all industrious and commercial speculations are more or less exposed.

[Since this was written, in 1833, the change here anticipated as possible has, it is well known, actually occurred. The discovery and abundant produce of the gold-fields of California and Australia have turned the tide wholly in favour of the debtor, that is, generally the producing class. An average of at least twenty millions' worth of gold is now produced from the various mines and diggings in these localities. Part of this vast amount is no doubt consumed in the arts; part has gone to effect the substitution of a gold for a silver or paper currency in France, Germany, and our Indian possessions. But the effect produced on the prices of all articles in the general market—in other words the depreciation of our gold standard—is plainly recognisable, and must be expected to increase from year to year, for the supplies of gold are likely soon to become much larger through the increased productiveness of the quartz-crushing apparatus, and other improvements in the art of mining now in progress. Should this movement continue, the time may come

when an outcry will be raised on the part of the national creditor, the converse of that to which I gave utterance in the preceding pages, viz., that he is defrauded by payment of the debt due to him in money intrinsically of far less value than at the time it was contracted. His complaint, however, will be little likely to obtain redress. He will be told that the earlier holders of his stock profited by a change of value in the opposite sense, and that he must take his chance of another possible swing of the pendulum in his favour. The mischief still remains, however. Fluctuations in either direction in the value of the standard must tell injuriously and unjustly upon one or other of the parties who contract pecuniary engagements for distant dates. I have already shown how these variations can be measured, or if it be thought desirable, prevented.]

Besides the great and progressive increase in the general value of money which has taken place within the last twenty years, through causes affecting the comparative supply of the precious metals and other goods, —frequent and extensive fluctuations have both within this and former periods been occasioned in the value of money in this country through the mismanagement of its paper-money by those parties upon whom the legislature has unwisely conferred a more or less exclusive power of issuing it. A history of the mismanagement of the paper currency of this country during the last half century, chiefly by the great central source of issue, the Bank of England — countenanced, and, indeed, often goaded on to misconduct by the government of the day,—would be too lengthened to find a place here. We must be contented to refer our readers to a publication which treats of this subject,* and in

* An Examination of the Bank Charter Question. Murray. 1833.

which the great leading error is shown to lie in the constitution and exclusive privileges of that monstrous monopoly. The Bank has at times, either for its own purposes, or at the solicitation of the Minister of the day to favour his financial operations, put forth such an excess of paper as greatly to lower the value of money; and afterwards when, as a necessary consequence, a drain of bullion had for some time set in upon the Bank, threatening to exhaust its coffers, and break down its credit, its issues have been suddenly contracted, and prices sunk to such a degree, as to scatter ruin through the whole productive and mercantile community. These oscillations in the value of money have been repeated three or four times even within the last twenty years. The manœuvres of the Bank of England have been in a great degree the cause of those see-saw alterations of surprising prosperity and unexpected ruin, which through a long period of internal and external tranquillity, have upset the deepest calculations of our traders and producers, perplexed our wisest statesmen, and shaken almost to dissolution the very bonds of society. We do not mean to attribute blame to the directors of that establishment. As the managers of a great company associated only for purposes of private gain, their first duty was to exercise their enormous power over the circulation so as to secure the largest profit to their constituents, the Bank proprietary. And they were in no degree bound to sacrifice this object to what they might believe to be the interest of the public. That they have fulfilled this duty most faithfully is made evident by the fact that appears from their own returns to the committee of the House of Commons of last year (1832); namely, that they have divided amongst their shareholders, since the year 1797, no less a sum than £17,318,070, *in addi-*

tion to the annual dividend of *seven* per cent. on their capital stock. Through all the ups and downs, which, since 1780, have kept the currency of this country in a state of almost perpetual fluctuation,—a fluctuation caused by the operations of this all-powerful company, —the Bank itself has escaped unharmed in every instance from the sea of troubles it had itself stirred up, —has been found, indeed, after all of them, not only to have avoided damage, but to have considerably improved in its circumstances, while the destruction in every other quarter was universal. The very stoppage of that establishment, in 1797, was the source of the most enormous gain to it in the course of the subsequent period of restriction on cash payments.

The chief cause of the mischief that has resulted to the public interests from these fluctuations, was the conferring a monopoly of the supply of the circulating medium of this great commercial state, (for the body that commands the supply of the metropolis commands that of the kingdom,) on a *private* company, not responsible to the public, and whose interest in the matter is directly at variance (as the above facts demonstrate) with that of the public.

An ill-considered and faulty monetary system most seriously and severely affects the condition of industry.

What, in fact, are the chances to which a farmer, trader, merchant, or manufacturer, has been exposed of late when investing his capital in some productive occupation—exposed, too, during a period of profound peace, which should have been attended by complete security? The natural circumstances likely to affect the demand and supply of the article in which he speculates, he is prepared for, and calculates upon. But besides these unavoidable contingencies, his best laid plans have been liable to complete overthrow by

the hidden circumstances that were constantly at work to *alter the value of the money in which he makes his engagements. First*, the gradual but relentless rise in the value of *the metallic standard* since 1810 has been working against him throughout. *Next*, there have been the frequent cross fluctuations in the value of that same standard, arising from casual circumstances temporarily affecting its relative demand on the continent and in this country—an altered balance of trade —a sudden importation of foreign corn—a revolution in a foreign state causing a hoarding of coin—preparations for war, occasioning a demand for gold to fill the military chests. For these latter fluctuations we are indebted to our peculiar standard—gold; which from its superior portability is employed in preference to silver, in the settlement of commercial balances. Thirdly, are to be superadded the results of the mismanagement of our paper circulation at home by those who have become possessed of a supreme power to contract or expand it, as they please, to almost any extent. Under the joint action of these several causes, we have seen, within a few years past, prices fall and rise alternately by twenty per cent. at a time—all debts forcibly augmented and lessened in proportion, and all money contracts substantially violated—one class defrauded to enrich another, and the whole course of business repeatedly deranged. No one engaged in trade has been able to calculate the amount of his income for a single year—no man could feel any confidence of getting back the capital he had embarked in any productive employment which required time for its accomplishment. The different branches of business have been merely different games of chance; and confusion, dismay, and panic—such, perhaps, as were never witnessed in any country not overrun by a victo-

rious enemy, nor devastated by some great natural calamity—have been created in this, year after year, by sudden variations in (that of which the very essence *ought to be* absolute invariability) the value of money.

[I have thought it desirable to preserve in this edition the above remarks on the character and action on the currency of the Bank of England previously to 1832, as exhibiting the principal justification for the stringent enactments of 1844, by which an end was put to the unlimited and irresponsible power up to that time exercised by the note-issuing department of the Bank. It would be, however, a mistake to suppose that the variations of its note circulation are even now without any mischievous influence on the money-market and legitimate commerce. It is notorious that there are periodical fluctuations in the demand for notes for the ordinary transactions of the country, such as the payment of rents, salaries, and dividends, at the quarterly or half-yearly days of settlement, the payment of extra wages at spring and harvest-time in the agricultural districts, &c., which require an extraordinary supply of the circulating medium at particular seasons. And as these demands have ultimately to be supplied out of its reserves, the Bank is obliged, in view to its own protection, to lessen its accommodation to other parties at these periods, by which a severe and undeserved pressure is from time to time laid on the latter, through circumstances beyond their control. This want of elasticity in the system of supply of legal currency is a serious evil, and ought to be susceptible of correction, either by a relaxation in the stringency of the law, admitting of a larger issue of notes at certain periods of the year, or, as has been suggested by some writers, a limited circulation might be allowed to post-office orders, which would fulfil the purpose of effecting

small local payments in the country, especially at times when a periodical supply is needed larger than at others. Payments of sums of any magnitude are now made wholly by cheques or bills. But the smaller amounts due for wages, &c., require cash, or a small paper currency such as is here suggested. And this ought to be supplied in some form which shall not wantonly and unnecessarily disarrange, as does the present system of note-issue, all the commercial transactions of the community.

The unavoidable fluctuations incident, as we have seen, to an extensive system of commercial credit, owing to the natural law of oscillation between the extremes of general confidence and general distrust, ought not to be aggravated, as they are, by faulty monetary laws, tending to contract the currency at the very times when it most needs expansion, and the reverse.

It is of essential importance to the public that its supply of money should be steadily and accurately proportioned to the demand for it as the instrument for effecting commercial exchanges; without which it cannot remain invariable in value.

Although the chief vices of the system of currency issue, in force up to 1844, have now been corrected, there still remains enough uncertainty as to the future value of money to need correction by the light of such a tabular price current as is proposed above, to be issued by competent authority, enabling the public to measure all future variations in the exchangeable value of the legal standard.]

This great, industrious, and commercial people has a right to demand of a government which undertakes to regulate by restraints the instrument of exchange—a *sufficient supply* of a cheap and *perfectly secure* circu-

lating medium; and, if not complete invariability in its value, as near an approximation to this important quality as is obtainable, together with the means of detecting and guarding against injury from such variations as are inherent in every standard measure of value which consists of but a single commodity.

A bad system of weights and measures is an injury to commerce, very similar to a bad instrument of exchange or measure of value. There is much room for improvement in our present system, and it is to be hoped that this will not long be neglected.

In commenting upon the existing restrictions on the instrument of exchange, the usury-laws are not to be overlooked. Their absurdity and mischief are, however, now so generally recognized, and the probability of their speedy repeal is so great, that it is needless to dwell upon the subject. [This expectation was fulfilled in 1835, after some resistance on the part of the representatives of the landowners, who fancied that these laws kept down the interest on mortgages.]

CHAPTER XVIII.

EXCESSIVE AND MISDIRECTED TAXATION.

History and Progress of Taxation in Britain.—Limited only by the resistance of the People.—Funding system.—Its errors.—Pressure of the National Debt on Productive Industry.—Financial mismanagement.—Extravagance.—Misdirection of Taxation.—True principles of Taxation.—Expediency of commuting the Taxes on Industry and the Comforts of the Poor for an Income Tax.

A PHILOSOPHICAL history of taxation would form an interesting and important work. Here we can find room only for a glance at the subject. In feudal times

the monarch's own lands furnished his domestic consumption; and the ordinary expenses of the state were defrayed partly by fines and forfeitures casually accruing to the exchequer, partly by customs duties on merchandize. The expenses of wars and other extraordinary emergencies were either provided against beforehand by the accumulation of treasure during peace, or by subsidies, aids, and temporary imposts.

Early in the thirteenth century we find England already fertile in taxes. The 15ths and 20ths seem to have commenced under Henry III. In 1225, a 15th of all moveables both of the clergy and laity was granted to the king; war horses, armour, ready money, and apparel being alone excepted. The valuation, which was made by the chief men in each township, and levied by the sheriff, seems to have been moderate. But when it is considered that in those times almost all the capital of the country consisted in moveables, it will appear that these levies of 15ths and 20ths, not unfrequently repeated, must have borne almost as heavily on the productive resources of the people as the taxes of the present day. At a later period (in the beginning of the 14th century) direct taxes were levied bearing a still higher proportion to the income of those charged with their payment; and the duties were equally exorbitant. In 1208, parliament, among other grievances, remonstrated against the impost of 40*s.* a sack upon wool; and stated that the wool of England amounted to almost half the value of the land, and the duty on it to one-fifth of the whole value of the land. The insatiable avarice and oppressive tyranny of the Tudors caused the constant imposition of fresh taxes. In 1531 a moiety was taken of all the goods and lands of the Church, and yielded nearly half a million, equivalent to five millions of the present currency. And it has been computed that the

lands of the monasteries and other religious foundations seized by Henry VIII. would now be worth six millions annually.

But the growing spirit of the people of England at length roused itself against the arbitrary imposition of such severe burthens. Hampden's refusal to pay his assessments of shipmoney was the spark which lighted a wide flame of resistance; and the success of the Great Rebellion demonstrated to kings the danger of pushing their machinery of extortion beyond what the patience of an industrious and well-disposed, but spirited people will bear.

The lesson, however, then read to governments does not appear to have caused any material lightening of the national burthens in the subsequent reigns. It would seem, indeed, that even in this nominally self-taxed country, the only real limit at any time existing to the amount of taxation imposed upon the people has been that of their patience under the infliction. And it may well be doubted whether the much vaunted constitutional check upon the extravagance of government which is supposed to reside in the exclusive prerogative of the Commons to grant or withhold the supplies—so jealously guarded as the corner-stone of our liberties,—has practically operated to any great extent as a protection to the people from excessive taxation. It is remarkable that every formal recognition of this principle of self-taxation has been followed by an increase of taxes. The expenditure of the Protectorate averaged twice as much as that of the preceding reign. And the taxes which are at present considered most onerous,—the house and window duties, the excise on malt, hops, glass, spirits, &c., as well as that fatal financial invention, the national debt, commenced with the glorious Revolution,

and the concession of the Bill of Rights. The total expense of king, government, army, and navy during the reign of James II., was considerably under 2,000,000*l.*, whilst the revenue spent by William III. in the first twelve years after the revolution, namely from 1688 to 1700, was 65,987,566*l.*, or an average of five millions and a half! We think we can perceive symptoms of a similar tendency to profusion in the present day. Certainly enormous grants of money have been made in the first session of this reformed parliament, such as an unreformed house,—more doubtful of the confidence of the people—would scarcely have ventured upon.*

The only real limit to the extravagance of parliament has been all along, and still is, that which checked the rapacity of the Tudors and the Stuarts, namely, the resistance of the people—the open threat of refusal. The people have continually been made to pay all that they have been willing to pay without breaking out into absolute rebellion.

We need scarcely observe on the injustice and impolicy of taxing a nation beyond the fair value of the services rendered by its government. Whatever sums are needed to defray the necessary expenses of the state for the due administration of justice, the defence of the country against foreign foes, and the protection of persons and property—are expended productively, and in a manner highly conducive to the national welfare. But all beyond this is so much taken from

* The phenomenon is common to other countries as well as England. In France, the taxes raised by Louis XVI. did not reach 24,000,000*l.* a year. The National Convention increased the expenditure to 200,000,000*l.* in 1793. The expenditure of Charles X. was about forty millions; that of their Citizen King sixty-four. The explanation seems to be, that a popular government can venture to take more from the people than an unpopular one; and that *every* government takes as much as it *dares*.

productive to be expended in unproductive channels of employment—so much abstracted from the industrious and economical to be wasted by the idle and extravagant. If left in the pockets of the people, that sum would have germinated and borne a crop of future wealth. When given to sinecurists, undeserving pensioners, or overpaid placemen, it is consumed by them in a way which leaves nothing behind, but an increased appetency for further plunder of the public.

[Since this was written the reformed Parliament has acted in a very laudable spirit in this matter. Indeed it is a question whether retrenchment has not been carried too far, and the efficiency of the public services, military, naval, and civil, been endangered by excessive parsimony, in pursuance of a vulgar desire for cheap popularity. The higher offices of state are notoriously under-paid. The civil servants of lower rank receive salaries scarcely sufficient in these days of high prices to enable them to keep up the style of living suited to their social position. The wealth of the country has so vastly increased during the last forty years, while the public expenditure remains nearly the same, that the arguments for a rigid cheeseparing economy which prevailed in 1832 are not equally cogent in the present day (1873)].

Since the revolution of 1688, as we have said, a new element has been introduced into the system of taxation of this and other countries; the funding system. By it the revenues of future years are expended in anticipation, and posterity charged with the cost of measures executed by the government of the day. This is, at best, a very questionable method of defraying the necessary expenses of extraordinary emergencies. The *right* of existing generations so to burthen the industry and property of their successors,

is very doubtful. It has been strongly argued that the sums necessary for even the most extraordinary expenditure should be, in wisdom and justice, always levied within the year. But if it be admitted as a sound principle to spread the burthen of such extraordinary costs over several years, it by no means follows that it should be made perpetual. On the contrary, such a system is evidently indefensible. If it had been pursued in the past ages of our history, we should now be paying the expenses of the wars of the Plantagenets, the Tudors, and the Stuarts, as well as of the Hanoverian dynasty. The injury which results from thus anticipating the resources of a country is apparent from the consideration that the capital contributed to loans is expended unproductively—in purchasing stores, or providing the instruments of war,—that is, on rapidly perishable commodities. The whole debt was irredeemably spent as soon as it was raised; so that had it been levied at once by a direct tax on the then existing property of the country, it would have left just as much disposable and productive wealth behind: but it would have left this national capital free from the enormous charge upon its net annual returns which now constitutes the National Debt—the interest of the sum then taken up and consumed. This interest, or a large proportion of it, at least, had it been left in the hands of the owners of the national capital and labour by whom it has been always paid, would have been by them accumulated in a productive shape, and would have formed a substantial addition to the aggregate income of the productive classes, in place of, as now, a grievous subtraction from it;—it would have formed a *plus* instead of a *minus* quantity in the sum of the national wealth.

This is the great evil which has arisen from the

funding system; and had it not been for the wonderful energies of the country in accumulating new capital, in spite of this continual abstraction from the only fund out of which capital is ever accumulated, viz. profits and wages, general poverty and ruin must have been its result.

It is often argued that there is no positive diminution of the national wealth occasioned by the payment of 28,000,000*l.* a year to the national creditor;—that "it is, in fact, only a transfer of so much money from the pockets of one part of the public into the pockets of another part of it: so that no public benefit could arise from a reduction or abolition of the debt." * This, however, is a very narrow and short-sighted view of the effect of the debt. The interest of the debt, like all taxes, can only be paid out of the three sole sources of the national income, rent, profits, and wages. Its abstraction leaves, therefore, so much the less behind to be divided among the classes concerned in production; and by diminishing to that extent the net returns to industry, it lessens *pro tanto* the inducement to industrious exertion, at the same time that it lessens to the same extent the means remaining in the hands of the productive classes for giving effect to their industry. They may, it is true, borrow these means from such among the national creditors as choose to save a portion of their income. But they must pay an interest upon those loans, and this forms a new deduction from their net returns, and a proportionate discouragement to production.

Again, it is said, that the public derives some advantage from the debt, by its affording with very little trouble and expense the opportunity of investing money in stock with the certainty of receiving the interest

* Parnell, p. 276.

upon it on a fixed day, and with the power of getting immediate possession of the principal whenever it may be wanted.* But this advantage would be as fully derived from the investment of an equal capital in a productive instead of an unproductive manner. Let us, for example, suppose the capital of the debt, instead of having been spent on wars, had been expended (as it probably would have been, if left in the hands of its original owners) in productive speculations;—such as canals, railroads, docks, harbours, shipping;—in enclosing and reducing to cultivation the wastes of this island, of Ireland, or of our colonies;—many of these investments would offer securities as readily available in the market when their owner wished to realize or change the disposition of his capital, as the funds. But in what a different position would the resources of the nation stand, if the twenty-eight millions now paid for the interest of the debt, instead of being a charge upon the annual produce of industry, were, as in the supposed case it would be, an addition to it!

Although the immense efforts that have been successfully made in the last forty years to extend industry and increase production have enabled us to bear up against the pressure of the funding system without being absolutely crushed by it, yet it by no means follows that they have tended to counteract the evils of that system, still less to convert them into an advantage, as some writers paradoxically contend. The plain fact is that the interest of the debt is a subtraction to its whole extent from the net annual returns to capital and industry invested in productive occupations, uncompensated by any circumstance attending its mode of levy or expenditure.

* Parnell, p. 277.

We continue to bear it, it is true, but with difficulty and much suffering. And, as Sir H. Parnell justly remarks, "if the expenses of future wars are to be provided for by fresh loans, and if each war add some hundred millions to the debt, and some ten or fifteen millions of permanent taxes to those we now have, no new efforts to extend industry and production will be able to counteract the effects of the kind of taxes which must, under such circumstances, be imposed. There must be a limit somewhere to taxation, beyond which, if it be carried, national decay must follow, and surely a debt of nearly 800,000,000*l.*, requiring 28,000,000*l.* of taxes for interest, must have brought the country a long way in the course of approximating to that limit."

The evils of the funding system were enhanced, and the pressure of the debt enormously increased, by the careless and unscientific manner in which the loans were contracted. Instead of simply borrowing the sum required at the current rate of interest, and retaining the power of paying off the principal, or reducing the interest, whenever money could be borrowed on lower terms, our finance ministers, including Mr. Pitt, from the accession of George II. down to the close of the late war, created a vast nominal debt, nearly double of the sum actually borrowed, and bearing a low rate of interest; thus putting it out of the power of succeeding governments to reduce the interest of the debt (which, in fact, is the debt itself) as the current rate of interest fell in the market. In consequence of this fatal blunder we are now annually paying at least a third more to the national creditor than would have been owing to him had the loans been contracted for at the market rate of interest. In other words, a perpetual charge of near *ten millions* per annum has been entailed on the

nation by this single mistake of our finance ministers—a signal instance of the mischief that may result from mismanagement of public business.

Another equally ruinous error was the borrowing upon interminable instead of terminable annuities. Had the latter principle been adopted, and annuities terminable in (say) fifty years been sold instead of perpetual stock, half the debt would by this time have expired, and the remainder would be in a course of gradual extinction. The rise in the value of money, already commented upon, has, likewise, tended very considerably to enhance the pressure of the debt since it was incurred—an evil which should have been foreseen and provided against at that time.

[1873. The expediency of paying off a part of the national debt by instalments from the annual revenue of the country, in prosperous times especially, has been often advocated by statesmen, but rarely carried out to any sensible extent. For some years past, it is true, the surplus of revenue accruing beyond expenditure has been so applied, to an average amount of perhaps four or five millions per annum; but this is so infinitesimal a portion of the whole as to claim little merit for our financiers. The United States have set us the example of a nobler and wiser policy, having paid off nearly twenty millions per annum of the enormous debt contracted by their government in the late war. France appears bent upon a similar policy of prudence and honesty, though there may be doubts of her ability to carry it out. This country, whose wealth is undeniably greater than that of any other country in the world, should not lag behind in this honourable rivalry. The sacrifice would be perhaps painful; but it is always so to pay debts. And we can well afford to be just to posterity.]

But neither the nominal amount of taxation, nor even the value it commands, will afford a true measure of its pressure upon the resources of the nation. The *misdirection* of taxation has inflicted to the full as much injury as its excessive amount.

I have already, in treating of the impolicy and injurious tendency of taxes on the materials of manufacture, adverted to the principles on which taxation ought to proceed, in order to place the least possible difficulty in the way of the increase of the national wealth.

The leading general principle should be to tax wealth, after it has been created, not (farther than is unavoidable) during any of the stages of its creation. The latter policy, which has been followed in many parts of our present financial system, is like that of plucking unripe fruit, or cutting green corn. It is to divert the sources by which the industry of the nation is nourished, and to destroy the germs upon whose fructification its income depends. Of this mischievous nature, besides the taxes already mentioned, are those on marine and fire insurances, a portion of the stamp duties, the duty on advertisements, and that on newspapers. [All now (1873) wisely abolished.]

Customs duties, not so high as to encourage smuggling, when levied on articles of import, not used as the materials of subsequent industrious operations, nor entering into the category of necessaries of subsistence for the labouring population, form one of the most legitimate sources of a national revenue—certainly the most easy of collection, and the most willingly paid. But *heavy* duties on articles in such general use, and approaching so closely to the character of necessaries, as tea, coffee, sugar, and some others, are not only destructive of the comforts of the people, but actually

less productive sources of revenue than they would be if materially lightened.

Excise duties, if levied solely on articles of luxury, as spirits (we cannot admit malt, beer, or soap into this list) are perhaps advisable; as are certainly the assessed taxes on servants, carriages, horses, dogs, and sporting licences. The window-tax is so deservedly unpopular that the Government will probably be compelled to take it off as one of the most objectionable imposts on the statute-book.

The other taxes we have mentioned fall upon the consumers of luxuries—that is, upon those who can afford to pay them. And inasmuch as they are more readily and willingly paid, they are preferable to a direct tax upon income. But since such taxes on the expenditure of wealth are not found sufficient to provide the whole of the necessary revenue, it is surely far more advisable to supply the deficiency by a direct tax on income or property than to continue those obnoxious imposts by which the production of wealth is impeded, and the poorer classes oppressed. A tax on income has the great advantage over all other taxes of making the absentee who consumes his income abroad on untaxed commodities, and the miser who hoards his income without spending it at all, contribute something at least towards the expense of protecting their property—an expense which is now unjustly placed upon others.

The only true justice in taxation is that every one be made to pay in exact proportion to his means;—and this is to be more accurately effected by a tax on *income* than any other. Such a tax admits of *graduation*, which is essential to the adjustment of taxation to the facility of payment. To a man who expends an income of 200*l.* a-year it will certainly be a far greater sacrifice to pay a given percentage on his expenditure, than

to one who expends an income of 2000*l.*, and the latter suffers more from such a tax than one who expends 20,000*l.* per annum. Taxes on expenditure, or *indirect* taxes, press on this account with the greatest severity on the least wealthy classes. The principle of graduation was admitted in the income-tax levied during the war; from which all incomes below a certain amount were exempted. It is clear that the same principle which wholly exempts the lowest class of incomes, requires the partial exemption of the class only a little removed above them, and so on, in a progressive scale. The same principle has long been recognised and acted upon in the assessed taxes, on houses, windows, horses, carriages, servants, &c., as well as in the stamp duties. Far from being a novelty, therefore, (as might be supposed from the outcry raised against the proposition when applied to a property tax) it is an established principle in our direct taxation.

It is objected that a graduated income-tax may be so framed as to reduce all incomes to one level; but this is an objection only to an excessive and too rapid graduation. It might as reasonably be objected to the principle of taxation itself, that if carried to excess, it would absorb all property.

The argument sometimes urged against a property-tax, that it will check the accumulation of wealth and drive capital abroad, vanishes when it is recollected that it would be imposed in substitution for other existing taxes on industry and expenditure, which are much greater impediments to the employment of capital and the accumulation of wealth in this country.

On these grounds it is to be hoped that the present liberal and enlightened government will, without delay, introduce a system of direct taxation in lieu of the

taxes which still press on productive industry or the comforts of the poor.

The sooner such a commutation takes place the better. The masses are become aware of the disproportioned pressure of the existing taxation upon them. The simple and undeniable proposition that taxes on articles of consumption are paid by the consumer, makes itself easily sensible to their capacity. They are no longer unacquainted with the amount of the taxes paid by them on many of the principal articles of their consumption,—articles approaching to the character of necessaries of life—malt, hops, tea, sugar, coffee, currants, soap—and these taxes cannot much longer be maintained at their present rate. It would be the part of a wise government to anticipate the wants of the people it rules over, and not, as has been too much the practice hitherto, to delay just and reasonable improvements until they are extorted by the threatening attitude of an exasperated people. "Early reforms," said Mr. Burke, "are arrangements between friends;—late reforms are capitulations with an enemy."

The general anxiety lately evinced for a reform in parliament was founded on the expectation that it would immediately lead to a great reduction,—if not in the amount of taxation,—at least, in its pressure on the industrious classes. But direct retrenchment has been already carried almost to the extreme margin of security for the efficient discharge of the public services. There remain scarcely any means of lightening the pressure, but by a shifting of a part of the burden from the shoulders of the poor and the industrious to those of the wealthy and the idle. The repeal of the property-tax in 1815 was a flagrant abuse of their power by the higher classes. Now that the power has left them, and been transferred to the middle class,

the balance must be restored, and the injustice redressed.

[1873. I have made no alteration in the contents of this chapter because I believe that it takes a true view of the general principles of taxation; and, indeed, the recommendations it embodies have been almost wholly carried out by successive reforming governments, until at present nearly the entire revenue of the country is raised by direct taxation and duties on a few luxuries. There is little, then, to be added to what I wrote under this head in 1832. One principle, however, not noticed above, I may append, namely, the desirability of avoiding as much as possible unnecessary changes or shifting of taxation from one subject or class to another; for the incidence of a tax adapts itself often but slowly to the shoulders that are intended ultimately to bear it, and frequent changes of this nature are apt to throw out of gear the arrangements and calculations of the industrious classes. The income-tax, now reduced to the lowest figure possible—for it would be absurd to maintain it at all, with all its undeniable disadvantages, for the sake of a less return than 3*d.* in the pound—will, it may be hoped, never be given up altogether. Indeed it is little likely that the new electors who form the majority of most constituencies, and pay nothing towards the tax, will ever permit this. The probabilities lie rather in the opposite direction, namely, that they will before long insist upon its increase for the purpose of allowing the repeal of some of those indirect taxes which they do pay—on malt, tobacco, sugar, tea, &c.—and, perhaps, upon its further graduation. I expect also that a demand will arise from these classes for a tax, such as is levied in the States of America, upon realized property which brings in no income, such as plate, jewels, pictures, libraries, furniture, &c.

I conceive that a tax on property of this description ought to be leviable as an assessed tax. If the horses and carriages of a wealthy man are fit subjects of taxation, so are his pictures and furniture. No rational distinction can be drawn between these items of luxurious expenditure.]

CHAPTER XIX.

RESTRAINTS ON THE NATURAL DISTRIBUTION OF WEALTH.

UNDER this head I propose to class all defects in the laws relating to property, by which its possession or enjoyment by the rightful owners is rendered insecure.

The delay, the expense, and the uncertainty of obtaining justice in our courts in cases of disputed property, are too notorious to require illustration. They amount, in too many instances, to a complete denial of justice, and must go far to damp that sense of security for the full enjoyment of wealth, which is the principal stimulant to its production and accumulation.

One of the most obnoxious parts of the present system, is the extreme difficulty of recovering debts of small amount. It was to remedy this evil that Lord Brougham's bill for the establishment of courts of local judicature was introduced in the last session; and the rejection of this valuable measure by the House of Lords was one of the most impolitic and unwise steps they have for some time taken.

[1873. It must seem almost incredible to the present generation that at so late a period as 1833 there existed no really available means for the recovery of

small debts. The resistance of the Conservative party to so obviously desirable a measure offers a signal example of their stolidity.

A general registration of landed property, grounded on an authentic map upon a large scale, such as is provided by every other government of civilized Europe, but has been hitherto neglected in this country, was the next recommendation advanced by me. This is still wanting. I adverted to the necessary reforms of the criminal law, required for the due protection of property and persons; especially urging the establishment of an efficient police in the rural districts in place of the miserable unpaid parish constables, who then composed the sole machinery for the repression or detection of crime. The improvement of the magistracy in corporate towns, and the better organization of all local courts of judicature, were also urged. But as in these several respects great and beneficial changes have been made by subsequent legislation, it is needless to dwell on them further at this time.]

CHAPTER XX.

On the Doctrine of "Laissez-faire."

[The preceding chapters have dwelt upon a variety of modes of injurious interference by governments with the freedom of industrial operations, in the presumed interests of particular classes or of the community at large. It must not, however, be supposed that every form of interference is objectionable. It is this mistake which has given currency to the charge often brought against Political Economy of requiring a rigid

adherence to the principle of allowing to individuals absolute immunity in all commercial transactions from legislative control or supervision. It has been shown, however, that the principle of freedom itself rests only upon the assumption that it is expedient for the general interests. Should these, therefore, clearly require any deviation from that rule, the same expediency will justify its modification.

Moreover, the free pursuit and direction of industry needs the sanction and support of law for the protection of persons and property, the enforcement of contracts, the prevention or punishment of frauds, &c., without which no industry can advance a step with security. And the laws established for these purposes must discriminate between what ought and what ought not to be permitted or enforced in such matters. This duty the law has always and necessarily taken on itself. Thus no contract is held to be legally binding for the sale of a person's liberty for life or a long term, or for an immoral or illegal purpose. Again, the interpretation of contracts is a necessary and recognized office of the law. For example, if a contract is made for the delivery of an article, the question must often arise as to the qualities essential to the character of the article named in the contract. A contract to deliver a chest of tea is not fulfilled by the delivery of a chest of tea-dust and dirt. And thus it must be within the province of law to interfere to discountenance adulterations of all kinds, whether criminally fraudulent, or only misdescriptions. It would, indeed, be but a misleading Political Economy which should deprecate such interferences in the name of Freedom of Trade. As well might it be insisted on in the name of personal freedom that no man should be punished for striking another.

The law also rightly interferes to protect the weak against an abuse of their power by the strong, in the case of factory children and women, whom their fathers or husbands might require to work in a manner or degree injurious to their health. So again in the paramount interests of the community, parents are required to have their children educated; gambling is forbidden under penalties; the sale of intoxicating liquors is placed under restraint; sailors and emigrants are protected from being entrapped into unseaworthy or ill-found vessels; and many other interferences sanctioned with absolute freedom of trade, or of contract when it takes a form judged to be injurious to the peace, order, or happiness of society.

The doctrine, therefore, of Laissez-faire, or "let us alone," can only be accepted under reservation of the paramount consideration of the general public interests. There will be, of course, occasional difference of opinion as to where the line should be drawn between too much and too little interference on the part of the constituted authorities with the liberty of action of individuals. Freedom, no doubt, is properly the rule. Interference the exception; to be employed only when a clear necessity for it is made out in the true interests of the community.]

CHAPTER XXI.

CONCLUDING OBSERVATIONS.

[SUCH of my readers as are acquainted, however cursorily, with the legislation of the British Parliament through the past forty years will be aware that far the greater part of the economical reforms suggested in the

original edition of this little work have been long since wisely and successfully carried out in this country.

The example set by us of the abolition of slavery in our colonies has been followed throughout the civilized world, with the exception of Cuba and Brazil, from which it is doomed shortly to disappear. Agriculture has been freed from the blighting influence of the tithe-tax. The inclosure of wastes has been facilitated. The administration of the Poor-law has been reformed, and its beneficent principle extended to Ireland and Scotland. Our commerce and manufactures have been wholly freed from the shackles of the so-called protective system, and our countrymen are no longer prohibited from obtaining the largest returns obtainable for the exercise of their industry, skill, and ingenuity upon the natural resources of their native land by freely exchanging what they produce here with what they can get for it in exchange from the foreigner. Nearly every tax or duty that formerly pressed injuriously on the springs of industry or the comforts of the people has been repealed, and the taxation of the country is now raised in the least inconvenient and most equitable manner from the several classes of the community. The convertibility of the bank note currency has been effectually secured. The great monopolies of the East India Company, the Hudson's Bay Company, and the Bank of England have been abolished. The health of the people has become a special object of care to the Government. Justice has been made accessible everywhere to the poor as well as the rich; and the security of life and property increased by an admirable urban and rural police force. The repeal of the paper, newspaper, and advertisement duties has added enormously to the means of information and enlightenment within reach of the great

body of the people; while a general scheme of education has, or will shortly have, enabled the very poorest and lowest among them to avail himself of these advantages. The public discussion of every question, in speech or writing, is now wholly free. Combination and organized association for every purpose, not unlawful, is unrestricted. The immense facilities for inter-communication and transport afforded by railroads, telegraphs, and steam navigation—all of comparatively recent introduction—between different parts, not of these islands only, but of the universal British empire, and, indeed, of the whole world, have added enormously to the means at the disposal of almost every individual in the country for self-support and the prosecution of the industry for which he is best qualified. In these vastly improved circumstances it may be allowable to believe that a new and most promising prospect is opening to the masses who live by daily labour, and whose precarious and depressed condition was, at the date of the first publication of this work, a source of sadness and perplexity.

Henceforward progress seems assured towards general material prosperity, on the sole condition of the exercise by our working-classes of those qualities which naturally belong to the race, and which alone merit success in life,—industry, ingenuity, temperance, forethought, frugality, and honesty. Without these qualities none ought to expect to succeed. But to their exercise the institutions of the country now afford a fair field without favour, as without discouragement or restraint of any serious kind. If further legislation be wanting to secure this paramount object, the working-men have the power in their own hands to obtain it. Only let them not listen to specious and plausible agitators, even though of their own class, who would per-

suade them that there is some shorter cut to comfort and wealth than by the exercise of the qualities I have indicated above,—that a prosperous society can be established on any other basis than that of respect for property created, as all property has alone been created hitherto, by industry and economy. They may have it in their power, perhaps, to destroy the existing framework of society, but it will be out of their power to construct any other on its ruins that can secure to them a tithe of the advantages they now enjoy. The road is cleared for them, even at present, to material comfort and happiness, if they only determine to tread it with wise and unfaltering resolve, putting forward their best energies. Should the opportunities open to any of them within these little islands prove upon fair trial inadequate for this purpose, they have the unfailing resource of emigration, to some of those fertile but sparsely peopled territories of America or Australasia, which only require fresh supplies of labour to produce an abundance of all good things. By following the course here recommended the working-classes have it in their power to put an end to the possible existence of industrious pauperism, and to confine poverty to the sufferers from unavoidable casualty or wilful misconduct.]

In that case this country will present a spectacle, such as the world never yet saw, of a dense, thriving, and happy population, blessed with a copious supply of the necessaries, comforts, and luxuries of life—combining all the intellectual refinement, polish of manners, and assiduous cultivation of art and science, which are now the peculiar characteristics of old and populous states, with the ample remuneration for the inferior kinds of labour, which has been hitherto confined to the new and thinly-peopled. Then will other nations—among whom yet more barbarizing

errors than once deformed our own statute-books are still prevalent—learn to reform their institutions likewise, after our example, and at the sight of our increasing prosperity. Then will the true principles of political economy, as deduced from the natural laws of social welfare, be universally recognized and followed as beacon-guides to the certain, continuous, and indefinite increase of public prosperity and individual happiness.

These principles we have shown to be simple, obvious, and easily put in practice. They are—briefly enumerated—just and cheap government, affording a certainty of protection to the person, and to property acquired by honest exertion or legitimate succession; freedom of industry and exchange; a due enlargement of the cultivable territory at the disposal of an increasing population, and a systematic prevention of pauperism, by the spontaneous removal of any local surplus of labour to localities where it is deficient.

Simple and obvious principles indeed, yet hitherto neglected, or at much pains counteracted, as if on purpose to derange and disturb the natural progress of improvement. Simple as they are, we are confident they will prove sufficient, if honestly acted on, to redeem man effectually and permanently from economical misery, and secure to him the constant and unlimited enlargement of his means of gratification. It is in his power, we have fully shown, by industry, thrift, and a wise prudential arrangement of the resources he has at his disposal in every corner of the inhabited globe, continually to advance in the acquisition of social well-being. It is in the power of the government of every community, appointed to watch over and promote its welfare, by a wise and prudent

disposition of the means it is entrusted with, to command and maintain this advance; and without any approach to an equalization of *property*, (which would, indeed, be repugnant to the first principle of improvement,) to equalize, at least pretty generally, the happiness of individuals; to secure, at least, to the lowest class, and even to the poorest individual of that class, an ample supply of necessaries and comforts, in return for the not immoderate exercise of his industry, and the discharge of the duties he owes to society.

The elements of production are unlimited. *Land* of ample fertility we have proved not to be wanting. *Capital* will always, under security for its enjoyment and free use, spring up to meet the demand for it. *Labour* can never, by its deficiency, occasion distress. *Skill*, *knowledge*, *art* and *science* are daily improving in an accelerated ratio. All then that *can* be wanting, besides protection from force and fraud, is a judicious adaptation of these boundless means to their great end, the boundless augmentation of the wealth and happiness of society, individual and collective.

The writer is sensible of having touched very cursorily on many subjects of vast importance, and which may seem to require a more lengthened investigation. His object, however, has been, without dwelling too much on doctrinal refinements, to give a general and rapid, but yet, he hopes, a clear and succinct sketch of the true laws of social economy; to show that there is nothing in them, when rightly understood, mysterious or abstruse; and, in opposition to the narrow, disheartening, and, as he is convinced, utterly false doctrine of a modern school of economists—as to the existence of some physical law necessitating an internecine struggle for existence among mankind, and an unavoidable tendency to deterioration in their

condition through a decrease in their means of subsistence accompanying their increase in number—to vindicate the scheme of Providence and the nobility of man, by proving that the ordained multiplication of his race has no such tendency; but, on the contrary, that, coupled with the progress of invention and civilization, it has a direct tendency to multiply, without any visible limit, the comforts of existence procurable by an amount of individual labour at all times undergoing an indefinite diminution; in short, that HUMAN HAPPINESS MAY, BY AN EASY EXERCISE OF HUMAN FORESIGHT, BE MADE CONTINUALLY TO INCREASE, NOT ONLY IN THE PROPORTION, BUT BEYOND THE PROPORTION, OF ANY INCREASE OF THE HUMAN FAMILY.

Doubtless, in order to realize these bright prospects, there should be a *moral* improvement going on at the same time in the habits, disposition, and feelings of the people. But we are convinced that such improvement will be the certain accompaniment of an amelioration of their economical condition. Poverty is the fruitful parent of vice and crime, and the despair and negligence which a hopeless state of suffering engenders are utterly destructive of moral and orderly habits. Though the scope of this little work has been necessarily confined to economical ameliorations, we are far from shutting our eyes to the imperative necessity of concomitant reforms in our systems of moral and religious instruction. A general scheme of national education—of education, not merely in the elements of literature, but in the useful handicrafts, arts, and sciences; and still more in habits of moral discipline, of self-control, of benevolent sympathy, and virtuous conduct, is indispensable, as was observed at the commencement of this volume, to enable a com-

munity even to make the best use of the economical resources they have at their disposal, and certainly to secure to them that happiness which no abundance of physical enjoyments will afford, so long as the moral temper is in a diseased state.

Public opinion has already obtained the enactment of the necessary legislation for this object. Nor will it, we trust, be long before its attainment in practice. Reform in our *moral* will then accompany the reform of our *economical* condition. Both may well make progress together, each aiding and accelerating the advance of the other—both conspiring to the same great end—the enlargement of the sphere of human happiness.

APPENDIX I.

Explanatory of the Frontispiece.

In the construction of a Map intended to exhibit by shadings the population of different countries (especially a map on so small a scale as the frontispiece), there occurs the difficulty of determining what areas to adopt as the terms of comparison. Thus, supposing the five great Continents to be taken singly, Europe alone would require even the light shading which in our map indicates a population exceeding 10 to the square mile. The other four would be complete blanks. Taking, again, the national divisions of territory, each of them will be found to comprise some limited areas containing a moderately dense population, exceeding 200 to the mile, together with other spaces whose population does not nearly reach that number. Thus in Germany and Switzerland some small States fall above, some larger—as well as the whole of their areas on the average—below that figure; Switzerland having only 157, Austria 167, and Germany 180, to the square mile. Even France has but the same number, 180, Spain but 90, Turkey in Europe 76, Russia and Sweden 30 and 22 respectively. Then, again, in the Eastern Continent, though there are portions of China and India which exceed the limit of 200 to the square mile, the two territories as a whole fall decidedly within it, and the rest of the continent below that of 10 to the mile. In the United States, unquestionably the most densely

peopled part of the American Continent, the numbers of the population in the twenty Western and most highly peopled States only range between 60 and 80 to the mile respectively, while the whole remainder of the entire continent falls below the limit of 10.

When we reflect that this last figure represents probably on the average less than three families to the square mile, or nearly one hundred acres to each adult male, while on the most narrow calculation two acres of average land may be made to produce sufficient food for a family, it will be seen that the population of North America might be multiplied fiftyfold at least before any dearth of food could be felt, if the agricultural resources the country now possesses were duly developed by an efficient system of cultivation, even according to our present imperfect practice of the art.

In South America the population ranges from 6 in Chili to 1 in Patagonia and the Argentine Republic. There is, then, certainly ample room for several hundred millions more on the Continent of South America, and at least as many in that of Australia and its dependencies. In Africa the data are uncertain, but many multiples of its existing population could unquestionably find a maintenance there.

APPENDIX II.

PERHAPS no better example could be adduced of the shallow pretence to scientific accuracy which characterises the school of Mr. Mill than the introductory passages to the Second Book of his Political Economy. The First Book relates to the production of wealth. The Second is intended to describe its distribution. Now, it might, or might not, be desirable to distinguish, after the example of Adam Smith, these two branches of the subject, as a pure matter of convenience, for the same reasons that, in a treatise on the animal economy, might dictate the consideration in separate chapters of the action of the muscles and nerves, and that of the stomach and other organs of nutrition. But Mr. Mill is not satisfied with justifying his arrangement of his subject by arguments of convenience. He insists that the production and distribution of wealth are essentially distinct—inasmuch as "the laws and conditions of the first partake of the character of *physical truths*. There is *nothing arbitrary or optional in them*. Whatever mankind produce, *must* be produced in the modes and under the conditions imposed by the constitution of external things, and by the inherent properties of their own bodily and mental structure," &c. "It is not so with the distribution of wealth—that is a matter of human institution solely. *The things once there*, mankind, individually or collectively, may do with them as they like." . . . "The distribution of wealth therefore depends on the laws

and customs of society. The rules by which it is determined are what the opinions and feelings of the community make them, and are very different in different ages and countries, and might still be more different, if mankind so chose."* These phrases sound very profound and philosophical, and no doubt, students of Political Economy are duly crammed with this fundamental distinction between production and distribution, and reply to any queries on the subject with its parrot-like enunciation. But yet it might puzzle a plain man, engaged in productive industry—say a baker—if he were told that the production of his loaves, by himself and his assistant "has nothing arbitrary or optional in it, but is determined by laws of the nature of physical truths;" while the distribution of the same loaves by his boy and basket depends on laws of a totally distinct character, being of human institution solely. "*The things once there*, mankind, individually or collectively, can do with them as they like," &c. The baker will be apt to say he also could have done as he liked with his flour, or with the money he gave for it, and refuse to believe that "laws of the character of physical truths" had anything more to do with his making the bread than with his selling it—*i.e.*, with its production, any more than with its distribution. The baker would surely be quite right. The production, no less than the distribution of wealth, is "optional and arbitrary," and depends quite as much on "the will of individuals," and "on the laws and customs of society." Is not the division of labour optional? Would men plough land and sow corn unless assured, by the "laws and customs of society," that they would be allowed to reap and sell the crop?

* Book II., chap. i., sec. 1.

On the other hand, *must* not wealth be distributed no less than produced "in the modes and under the conditions imposed by the constitution of external things, and by the inherent properties of men's own bodily and mental structure"? Is there, indeed, any human action whatever, from the overthrow of an empire to the blowing of a soap-bubble, of which the same may not be said? What utter nonsense, then, is its exclusive application to the production of wealth! what pretentious pedantry its introduction for any purpose whatever!

We think the origin of this strange distinction is to be found in the preposterous conviction entertained by Mr. Mill (commented on in our 8th Chapter) that production is not influenced by demand or consumption, which are elements in distribution. He seems to be under the impression that coats and shoes must and would be made *in perpetuum*, although there were no wearers; that by some physical law, like that of gravitation or of the tides, production must and will continue its course, whatever may become of the objects produced. "The things once there," he says, "mankind can do with them as they like." But mankind are the producers as well as the consumers, and men will not continue to produce unless assured of a sale for the articles they expend their labour upon; that is, of a demand for their consumption by means of distribution. Production and distribution are determined by the same motives—viz., the wants and wishes of man, and controlled by the same circumstances. There is no more ground for claiming the authority of "physical truth" for the one class of operations than of the other.

We cannot wonder if, with these strange ideas as to the production of wealth being wholly independent of volition or social arrangements, Mr. Mill can see nothing in the institution of private property but a form

of "distribution" having no bearing on "production." "The things, once there, may be divided as society chooses"—say equally among its members, according to the communist programme, without in any degree checking their production. Hence Mr. Mill's facile description of communism as an arrangement of society, not, indeed, quite suited to its present circumstances, but possibly destined to supersede them in the progress of man towards perfection. He weighs, in a mild, philosophic tone, the advantages of the alternative systems of individual property and communism; and though ultimately deciding in favour of the former, it is in a half-hearted manner, calculated to leave the impression that as much may be said for one as for the other. Under either or any system, the *sine quâ non* of safety lies (he says) in *the limitation of the propa-* the eternal and immutable condition of economical *gative powers of the community*, . . . either *compulsorily* or voluntarily (Book II., chap i., sec. 3). This is prosperity, according to the school of Mill and Malthus. Whether society be based on the principle of individual or of common property, on the competitive or the co-operative plan, thrive it cannot "without a rigid system for repressing population."

It has been my chief aim, in the foregoing pages, to explode this silly fallacy—to show that it has arisen solely from the contemplation of a community confined within some narrow geographical area, some oasis in a desert, or some sea-girt island, cut off from communication with the rest of the cultivable globe, whence its inhabitants might either, by commercial interchange, draw a portion of their subsistence when their home resources fail them, or to which their surplus population might resort to take into cultivation fields and "pastures ever new," which only wait their labours to produce abundance of all they can require. These economists

seem to look upon man as fastened immoveably to some particular spot, like a limpet or an oyster. They forget that he is a locomotive animal, capable, when the supplies of food within his reach are exhausted, of removing to other places where his industry will be duly rewarded, without any necessity for "limiting his powers of propagation, either compulsorily or voluntarily." So long as there are upon any part of the earth's surface prairie lands to be reclaimed, deserts to be fertilized by irrigation, forests and jungles to be cleared and cultivated, swamps to be drained and rendered productive, not to mention oceans and rivers teeming with fish, it is idle and mischievous to proclaim that man is hopelessly condemned to starve unless he rigidly restrict his numbers within such limits as these philosphers may, in their blindness, prescribe for him. It has been shown that the globe, as yet, probably does not contain one-thousandth part of the numbers who might find a living on its surface, if cultivated with industry and the appliances of agriculture which are daily increasing the productiveness of this country. Away, then, with this false and cowardly teaching! Let not our youth be indoctrinated in such miserable and discouraging fallacies. Teach them instead to employ the knowledge of the physical and social sciences they may acquire at our schools in discovering and availing themselves of the abundant resources which nature has placed at their disposal, on the sole condition of their exercising the virtues of industry, thrift, and foresight, under the obvious dictates of common sense, regardless of the pretentious absurdities of a mischievous philosophy, which directly tells them to look upon every other human being as a born enemy rather than a friend and fellow-labourer in the satisfaction of their common wants.

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